

# THE WHITE HOUSE

## FAX COVER SHEET

### ECONOMY AND JOBS BACKGROUND FOR WELFARE TO WORK TRANSITION

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PAGES FOLLOWING COVER SHEET

9

WR-JOBS

EXECUTIVE OFFICE OF THE PRESIDENT

14-Feb-1994 10:01am

TO: FAX (96906562, Ann McCormick)

FROM: Richard B. Bavier  
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CC: Isabel Sawhill  
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SUBJECT: Comments on "Employment, education, and training p

Here are some comments of mine on the employment and training program paper. There may be others from OMB as well. This is an important paper because, if it becomes public, we will have to live with what it says about the impacts of various kinds of interventions. That will have cost consequences.

The paper clearly reflects considerable effort and knowledge. Improvements might focus on its particular objective in the context of several other summaries of employment and training programs for welfare recipients - what is "relevant to welfare reform?" Among the employment and training questions the welfare reform package that is taking shape is going to have to face, two stand out above the rest:

- 1) How do we move as many AFDC adults as possible off the rolls and into private sector jobs before they hit their time-limits?
- 2) How do we run a large scale jobs or community service program?

To be read for the greatest effect, the paper might be organized around those questions.

Several general points;

- 1) Not all studies are equally well designed. In fact, because of selection bias and the fact that impacts are typically small, we should rely as much as possible on data from experiments, with random assignment of cases to treatment and controls. In the draft, findings from EOPP, WIN, CETA, and ET are presented alongside findings from experiments without enough attention to the relative reliability of the data. Findings from some non-experimental evaluations are accepted at face value, while others are just excluded.

- 2) Both the transition and post-transition programs under welfare reform will require large scale operations. Evidence from large-scale, saturation programs is especially relevant.
- 3) It isn't clear that the impacts of voluntary and mandatory programs can be compared.

The treatment of work experience, PSE, and OJT was hard to follow, at least in part because these subjects come up more than once. PSE is credited with large impacts based on non-experimental data. (p.13) Likewise, OJT is credited with earnings impacts and a favorable cost-benefit profile based on an apparent misreading of the 30-month JTPA follow-up. Exhibit 14 in the November 1993 draft of Abt's report shows waning effects of OJT on the earnings of adult women, and no statistically significant impact on adult men overall. So it comes as a surprise when the paper concludes, "... it could be that components like OJT and public service employment, which have fairly positive net impacts, could be even more effective if targeted on less-skilled persons and combined with case management .... "

Education and classroom training is treated more favorably than the evidence would justify. The section on education, beginning on page 6, notes that what weak evidence we have shows basic education and ESL having no earnings impacts and increasing welfare costs, but then speculates that impacts are "probably higher" for those who complete programs. Similarly, classroom skills training is characterized as effective on page 5 based on an earlier JTPA evaluation report when the 30 month follow-up showed no impacts.

When it comes to job search, page 1 says it can "... increase employment and earnings and, in some cases, reduce welfare costs," while page 3 says "There is no evidence that job search assistance significantly reduces welfare dependency." While there is room for disagreement about the size and duration of impacts from job search, the evidence seems fairly consistent that it speeds AFDC mothers into employment and results in some welfare savings. Further, the largest impacts on employment and welfare seem to be in offices where movement into employment is the strong expectation, expressed in a wide range of ways - job search, education that is job-related, a staff culture focussed on employment of recipients, and high participation levels with fewer recipients allowed to languish. The growing evidence of the effectiveness of that kind of model should be featured prominently in this analysis.

Given that this summary is supposed to be relevant to welfare reform, it might be good to highlight that research doesn't provide us with a good example of a large scale community service program like the one being shaped in welfare reform. CWEP was a small component in most of the MDRC demonstrations where it was included at all. A few large scale CWEP programs have been operated (e.g., Ohio and New York City), but well designed impact and cost analyses were not performed. (On the other hand, we should at least be

trying to learn more about how to run large ongoing programs from Ohio and New York.)

Our current situation seems to be that CWEP has not been shown to have a large welfare-reduction effect in rigorous evaluations (arguably, from Cook County, San Diego II, and SWIM it appears to have a least a small one). However, what welfare reform will propose - saturation community service after two years - has not been subjected to rigorous evaluation anywhere. We have less-than-rigorous evidence from several sides that suggests the impacts of saturation CWEP could be large. I would include evidence from Utah's time-limited UP, Ohio's large CWEP WIN-demo program, and the kinds of impacts of time-limits and CWEP generated by models such as STEWARD. In that context, the most responsible conclusion to draw is that the impacts of time-limits and community service on welfare receipt will probably be greater than the impacts of CWEP found by MDRC, but we don't know how much greater. The Administration probably should try to get a range of independent experts to advise how to estimate such impacts in the absence of experimental evidence.

Finally, a section should be added about the effect on earnings and welfare of employment in low-wage jobs. We shouldn't imagine that the only impact of immediate entry into the labor force is short-term earnings and welfare impacts. NLS analysis of work histories of low-wage male workers by Gritz and McCurdy seems to support the view that getting into the work force and sticking there, even starting in a low-wage job, can lead to outcomes at least as favorable as we see in evaluations of training programs. If the Administration's welfare reform proposal will be strong on the work force attachment model, we should be prepared to offer the best case we can for it.

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FAX TRANSMITTAL SHEET

*WR-  
JOBS*



**TO:** Bruce Reed  
Domestic Policy

**FAX:** 202/ 456-7431

**FROM:** Edward Gorman

**PHONE:** 202/546-6206 EXT. 308

**DATE:** February 11, 1994

**NUMBER OF PAGES INCLUDING COVER:** 3

**COMMENTS:** Bruce, my secretary is out today and I am afraid this internal executive summary is all I can lay my hands on. I hope it will suffice until I get back in the office in the middle of next week. Can we meet during the weeks of Feb. 22 or 28?

*Bruce:  
Please do  
not circulate  
this language  
is inappropriate for circulation.*

*Thanks  
-Ed*

## EXECUTIVE SUMMARY

### GOALS

To create job opportunities for current and new members of the United Brotherhood of Carpenters and Joiners of America and the International Brotherhood of Painters and Allied Trades and to reestablish political alliances among the city, metropolitan political structures, public works agencies, and low-income metropolitan residents.

### STRATEGY

►To gain greater access to HUD's multi-billion dollar maintenance, renovation, lead-paint removal and energy conservation programs by creating job training and apprenticeship programs for housing authority residents working alongside Union members.

►Increase the amount of dollars available for renovation, maintenance, training and energy conservation programs by working with a multitude of private sector companies whose interests converge with ours.

►Create alliances at the national and local level to increase Congressional and state funding of projects which focus on construction and maintenance-related activities in public housing authorities and, thereafter, in other public works projects.

►Change procurement regulations at the city, state and federal levels upon demonstrating sufficient success in generating jobs for inner city residents and union members, to ensure that projects with the minority and inner city focus obtain preferences on future contracts with public works agencies.

►Create "Tiger" Teams (aka SWAT Teams) to assist public housing authorities with the strategic planning to guarantee a steadily increasing stream of construction jobs in public housing authorities and Section 8 low-income housing.

►Create a national non-profit organization, preferably a foundation, to activate local relationships between and among unions, public housing authorities, mayors offices, and community development and homelessness groups.

►Create political and public relations framework for utilities and other private sector companies to contribute to public housing residents' and union members' training and other needs.

### RESULTS

►Bring new members into the Trades

►Create and secure millions of additional man-hours for current and future union members in public housing and beyond

HUD: AN AGENDA FOR CHANGE  
PAGE 2

► Create job training opportunities for residents of public housing and other inner city youth.

► Provide Union orientation to thousands of public housing residents and create goodwill towards the unions among inner city youth; city, state and federal politicians; advocates for women and minorities; private sector participants such as utilities, insurance companies; women/minority business enterprises; manufacturers and suppliers of building and construction products; and many, many others.

► Create the perfect tie-in to President Clinton's Welfare Reform effort by giving many unemployed and welfare recipients an opportunity for mainstreaming into the construction industry at the end of their two years of welfare.

► Increase recognition for the role of UBC and IBPAT Officers play at the national and local level in creating jobs, building family security and strengthening neighborhoods.

► Create the almost instant perception that the UBC and IBPAT are progressive trade unions and destroying the widely held belief among influential minority representatives that building trades unions are inherently racist.

► End the fruitless debate in many cities about Davis Bacon wages, focussing more constructive thinking on how entities can work together rather than simply demand from one another.

► Dramatically realign the grassroots constituency in almost every urban congressional district in America. (Describe constituency in detail)

## ***Concept Proposal***

# **Building a High Quality National Training Network**

Prepared by the Center for Employment Training

January 1994

### **Introduction**

This paper presents a concept proposal to rapidly improve the quality of the nation's job training system. It describes an efficient strategy whereby Center for Employment Training (CET) can help establish a national network of comprehensive vocational training programs capable of training many of the neediest individuals in America.

There is a critical need for the proposed program. Many U.S. workers are not prepared to compete in the world labor market and the current job training system is not capable of preparing them. This is due in part because most traditional adult education and vocational training programs are trapped in bureaucratic constraints which make it difficult for them to modify courses and remain up-to-date. It is also due to the rapidly changing face of the U.S. labor pool which is increasingly young, minority, low-income, and poorly educated.

A recent study by the U.S. Department of Education, *Adult Literacy in America*, finds almost half the adult population without the basic literacy skills required to accomplish even moderately complex work. An effective national training network must be able to prepare even those who are functionally illiterate or do not speak English for demand occupations. Over the past twenty six years, CET has demonstrated how this can be done.

CET is one of the nation's largest non-profit, community-based, vocational classroom training providers. Few, if any, programs in the country have trained and placed more low-income people than CET. None are more recognized for their ability to effectively serve dropouts, welfare recipients, limited-English speakers and the functionally illiterate. Based upon its experience and demonstrated effectiveness, CET is well qualified to recommend a new direction for our country's job training system.

Because of its success, CET is now in its second year of a sole source contract with the U.S. Department of Labor to help training agencies around the country replicate CET's highly regarded training design which builds upon a single precept: "All who need help should receive it." Consequently, unlike traditional training models, CET does not turn away students because they cannot meet entry requirements. Instead, income-eligible applicants are admitted into training before being assessed, and are then provided with all of the services required to make them literate and provide them with a marketable skill. This commitment to not screening out the most in need has forced CET to develop a cost-effective training model that can serve a wide range of people.

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## **Proposal: Create 100 New CET-Model Training Centers in Five Years**

The goal of this proposal is to establish 100 new comprehensive, integrated, "one stop" CET-model vocational training centers throughout the nation. These centers would provide:

- comprehensive assessment
- vocational and personal counseling
- basic skills remediation and vocational English as a Second Language
- hands-on vocational training for demand occupations in fully equipped classrooms and shops
- life skills instruction
- placement and follow-up services

Each center would have at least \$1 million annual funding and would serve a population area of at least 1 million people. This would allow them to function at an efficient scale and offer a broad range of training options. The centers would be operated by CET or other community-based organizations of demonstrated effectiveness. These could include existing training providers or social service agencies that have professional management systems and a positive track record.

The centers would be funded from a combination of sources. For the first year of operation, the U.S. Department of Labor would provide one half of the funding for each center (at least \$500,000 per center) and the other half would be matched through local JTPA contracts or other funding source such as JOBS or foundations. For the second year, DOL would contribute a minimum of \$250,000 and the other sources would contribute a minimum of \$750,000. From the third year on, all funding would be generated locally.

All 100 new centers would be up and running by the third year of the five year project. This rapid expansion is possible because of the existing network of 36 CET-model training centers. Technical assistance and staff training will be delivered through this network. CET currently operates three regional offices in California: San Jose, Los Angeles, and Riverside; and two in New York City and Hampton-Newport News, Virginia. Another office will soon be opened in Chicago and one other to be located in the Southwest will be opened this year. These offices would be used to coordinate program operator recruitment, train new staff and provide ongoing technical assistance.

New directors would be trained at existing sites through 6 week internships which would be followed up with intensive two week management seminars at one of CET's regional centers. Other line staff would be trained for 10 days at the regional sites.

The time to act is now. After over twenty years and billions of dollars of federal manpower programs (from MDTA to CETA and JTPA), there is no need for further study or demonstration projects. It is now possible to identify the nation's most effective training models and program providers. CET's comprehensive training model is universally recognized for its ability to train a wide range of individuals, from displaced workers to those who are new to the job market and have severely limited basic skills. It offers a strong base from which to build a highly capable national training network.

## Preliminary Budget Projection

<b>Start-up Training</b>	<i>Amount /</i>			
<b><i>Salaries &amp; Fringe</i></b>	<u>Month</u>	<u>Individuals</u>	<u>Months</u>	<u>Total</u>
Director Salaries & Fringe	4,000	100	3	1,200,000
Staff Salaries & Fringe	2,500	1,500	1	<u>3,750,000</u>
Total Salaries & Fringe				4,950,000
	<i>Amount /</i>			
<b><i>Travel</i></b>	<u>Individual</u>	<u>Individuals</u>		<u>Total</u>
Director Travel	2,000	100		200,000
Staff Travel	1,000	1,500		<u>1,500,000</u>
Total Travel				1,700,000
	<i>Amount /</i>			
<b><i>Lodging &amp; Per Diem</i></b>	<u>Individual</u>	<u>Individuals</u>	<u>Days</u>	<u>Total</u>
Director Lodging & Per Diem	100	100	60	600,000
Staff Lodging & Per Diem	100	1,500	10	<u>1,500,000</u>
Total Lodging and Per Diem				2,100,000
	<i>Amount /</i>			
<b><i>Federal Training Funding</i></b>	<u>Site</u>	<u>Sites</u>		<u>Total</u>
First Year Funding	500,000	100		50,000,000
Second Year Funding	250,000	100		<u>25,000,000</u>
Total Federal Training Funding				75,000,000
	<i>Annual</i>			
<b><i>Training &amp; Tech Assistance</i></b>	<u>Site Fee</u>	<u>Sites</u>	<u>Years</u>	<u>Total</u>
Training & Tech Assistance Fee	50,000	100	2	10,000,000
<b>Total Program Cost</b>				\$93,750,000

A detailed budget and project plan detailing line items and time frames will be prepared as part of a formal proposal submittal.

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## **CET: The Program That Works**

CET opened its first training center in a garage in 1967 in San Jose, California. By the end of 1993, there were thirty-six CET-model training centers across the nation from San Francisco, Los Angeles, and San Diego to New York, New Haven, Newark, Baltimore and Orlando. 60,000 low-income graduates have been placed to date. The vast majority of these would have met the current JTPA definition for "hard to serve." Approximately one-third were migrant and seasonal farmworkers; one-third were welfare recipients; one-third were youth; 70% were school dropouts; 80% were minorities; and 40% were limited-English speaking.

Because of several long-term national studies of job training programs serving particularly difficult populations, CET has become known as "the program that works." The Rockefeller Foundation conducted a five year longitudinal study of nationally prominent employment training programs to identify effective ways to assist low-income, minority single mothers get off welfare and into the working world. A foundation report indicates that CET:

***"was the only one (of the programs studied) to increase employment and wages significantly. It was also the only one to use the integrated model of employment training."***

The conclusion of a similar study by the Manpower Demonstration Research Corporation (MDRC) of the JOBSTART program shows comparable results. The JOBSTART demonstration program targeted 17 to 21 year old, economically disadvantaged school dropouts with reading and math skills below the eighth grade. Program services were provided by 13 different organizations from 1985 to 1988. A four year follow-up study compared the impact of program services on an "experimental group" (who were provided access to JOBSTART services) and a control group (who were not). Overall, the findings were disappointing. Earning gains by those who were provided JOBSTART services by most program operators were negligible. In some, the control group actually earned a greater income than the experimental group. There was a single exception—CET. The *JOBSTART: Final Report on a Program for School Dropouts* states:

***"Earnings impacts were very large for one site in the demonstration: the Center for Employment Training (CET) in San Jose, California. Earnings impacts at CET/San Jose in the last two years of follow-up totaled more than \$6,000, far larger than at any other site. When these results are combined with CET/San Jose's strong earnings impacts in the Minority Female Single Parent Demonstration, there is growing evidence of the strength of the program at this site."***

The generally unimpressive results of the JOBSTART study were reported in newspapers across the nation. The single bright spot of CET's performance was highlighted in these articles. The following pages provide copies of two of these articles published in the San Jose Mercury News and Washington Post. The Mercury News story in particular is useful because it aptly describes CET's overall program design as well as its success in the JOBSTART program. The additional editorial from the Mercury News emphasizes the importance of increasing support for CET in light of its demonstrated effectiveness.

## S.J.-BASED JOB-TRAINING CENTER AT HEAD OF CLASS

### CET WAS THE TOP PERFORMER IN A STUDY OF 13 PROGRAMS.

#### San Jose, California

In the problem-plagued federal job-training system, the San Jose-based Center for Employment and Training has again proved to be the exception.

CET outperformed every other training school in an independent study released this week of 13 Jobstart programs.

New York-based Manpower Demonstration Research Corp. examined the economic status and employment of disadvantaged high school dropouts at training programs nationwide. The study followed students for four years after they completed a program that cost approximately \$4,500 per person.

Only graduates from CET had substantial earnings increases—more than \$6,700 over four years—when compared with a control group. Graduates of other programs did not have "statistically significant" improvements in pay when compared with a control group. Instead, the earnings increase for 2,312 participants in the program averaged \$214 over the four years, a disappointing result, Manpower said.

#### 'Consistent exception'

This study and a number of others have shown that federal job-training programs have failed to meet program goals of increasing employment and earnings, said Fred Doolittle, project director of the Manpower study. "CET has been one of the consistent exceptions," he said.

The not-for-profit CET is run by a community-based board of directors. Founded 26 years ago in an East San Jose garage, it now has 38 centers nationwide and has placed 60,000 graduates.

The new study marks the second time in two years that CET has been the lone standout in independent evaluations of such programs.

#### Higher earnings

In 1992, a Rockefeller Foundation study found that CET graduates were alone in sustaining higher earnings than control groups 2 1/2 years after completing a program for minority single mothers. CET graduates

earned an average of \$100 more per month than a control group.

*CET's track record has come to the attention of the Clinton administration.*

John Heinberg, an official with the federal Employment and Training Administration, said the earnings improvements for CET graduates in the most recent study are "enormously successful for this population."

The Labor Department has sponsored a \$1 million program to allow CET to replicate its training model in 10 other cities. Heinberg said the department plans to fund CET with another \$1 million grant next year.

Training experts said CET has been successful because of its teaching approach—which emphasizes hands-on training in different job skills. Experts also praised CET for its close ties with the business community. This has enabled the school to train students in skills that are relevant for the market and to find jobs for them upon graduation.

Executive Director Russell Tershy describes CET's approach as unorthodox. Most programs emphasize literacy and high school equivalency before job training, he said. But CET believes that classroom training just reinforces old memories about failing in school. Many students drop out of such programs long before they get their hands on a machine, Tershy said.

Instead, CET begins training students in skills from the onset and weaves in the basic literacy and math that is directly relevant to the job. "Getting their hands on a machine is worth 100 counselors because they can see a direct route to a job," Tershy said.

Unlike other training schools, CET also has no set period for a course. Instead, students must master certain core competencies at their own pace. They don't graduate until they get a job.

The school also follows up with students for six months after graduation to help them cope with stresses that could diminish their chances for success.

1500/yr



# San Jose Mercury News

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## EDITORIALS

# Job training that works

## Standout San Jose Program deserves more funding

**W**HAT does San Jose have that was invented in a garage, and has people in 48 U.S. cities, Chile, Belize and Mexico standing in line for?

If you guessed personal computers, you're wrong. The answer is a spot in a job program run by or supervised by the Center for Employment Training.

CET began 26 years ago in East San Jose with an unorthodox approach to the elusive goal of turning welfare recipients into workers. Instead of offering popular and easy remedial English and math classes, CET stresses tangible skills. No matter how well men or women read and write, they quickly get their hands on typewriters, circuit boards, kitchen ovens and machine tools.

It works.

When the Manpower Demonstration Research Corp. in New York measured 15 training programs for disadvantaged high school dropouts, CET received the only passing grade. CET graduates saw their earnings increase \$6,700 over four years, far above the average

of \$214. Two years ago the Rockefeller Foundation called CET's success with young mothers a national model.

*It really works.*

The government of Chile has formally invited CET to start a center. Belize already has one. Mexican government officials have visited CET's headquarters and training center in San Jose. The Clinton administration has awarded CET \$1 million to replicate its method in 10 new cities. CET already operates centers in 38 cities coast to coast and has placed 60,000 graduates.

So why just a measly \$1 million more from Washington? In a quarter century, CET has outperformed a legion of federally funded job-training programs that squandered billions.

As the Clinton welfare reformers prepare their initiatives, it's clear Washington must cut loose the failed approaches and reward the ones that succeed. CET is one of the nation's very few standouts.

## Study of 'Jobstart' Participants Shows Little Gain in Earnings

By William Claiborne  
Washington Post Staff Writer

A follow-up study of disadvantaged high school dropouts who were enrolled in a pilot program of intensive education and occupational training showed "statistically insignificant" increases in earnings for most participants, an independent research group reported yesterday.

However, the New York-based Manpower Demonstration Research Corp. (MDRC) said that the federally funded "Jobstart" experiment, which operated in 13 communities across the country, led to 42 percent of the enrolled youths obtaining high school equivalency diplomas, compared to 29 percent for a control group not in the program.

"That's at least something to build on, even though the earnings results were disappointing," Robert Ivory, MDRC senior vice president, said in a telephone interview.

The study found that in the third and fourth years of follow-up, earnings gains for all Jobstart participants averaged about \$400 a year. As expected, youths in the experimental group earned less than those in the control group during the first year of follow-up because they had less time to seek employment while in the training program, the researchers said.

The MDRC said the investment in the pilot project—about \$4,500 for each of the 2,312 youths—"was not repaid through increases in [their] earnings or other quantified benefits by the end of the follow-up period."

Fred Doolittle, project director,

said the dropouts in Jobstart "were able to recover the investment they made by participating—their initial earnings losses—but there was no real payoff in earnings over the four years we studied."

The major conclusion, Doolittle said, is that "education and training alone, as traditionally offered within the [federal job training program], are not enough to make a real difference in these young people's lives."

The exceptions, he said, were young men who had arrest records before entering the program.

Also, young women who were not mothers when they entered the program were less likely to go on welfare over the four years of follow-up than their control group counterparts, suggesting that programs like Jobstart might play a welfare-prevention role for some youths, MDRC officials said.

For the entire demonstration group, however, there was little change in welfare benefits received: Aid to Families With Dependent Children payments increased by an average of \$74 monthly over four years, while general assistance payments rose by \$28 and food stamps declined by \$34.

The Jobstart experiment, which operated from 1985 to 1988 within the federal Job Training Partnership Act program, was funded by the Labor Department and grants by 11 private foundations or corporations.

When the experiment began, the Job Training Partnership Act programs emphasized short term job placement services for more "job ready" youths, although that emphasis shifted to primarily

disadvantaged youths like those enrolled in the experimental program. That made the results of the MDRC study even more relevant, the researchers said.

*One of the more encouraging findings in the otherwise "disappointing" follow up study, MDRC officials said, was that one site, the Center for Employment Training (CET) in San Jose, Calif., had earnings improvements of \$6,500 on average for each youth in the final two years of the follow-up study.*

*"These results show that success is possible. The challenge now is to learn from the performance of CET to build more effective programs," said Judith M. Gueron, MDRC president.*

*Among the unusual features of the San Jose project, she said, were the involvement of employers in developing the training curriculum, integrating basic education into occupational training and providing strong job placement services.*

Ivory said one of the most important lessons learned from the Jobstart experiment was the importance in hiring staff members with a better understanding of adolescent development.

"That's something that needs attention," he said. "You need staffers with a strong knowledge of the day-to-day issues that young people confront in the streets. You need people who are trained to deal with the real-world problems these people face."

# **Center for Employment Training**

**(408) 287-7924**

WR-Jobs

## Note - Let's Look at the Record of Work for Welfare

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There is a groundswell of discontent with the nation's welfare system and the attendant problems of broken or never-formed families. A favored solution is to put welfare family heads to work - work instead of welfare. This is a good idea, but before we plunge in we need to look at the record.

In the late seventies, the country embarked on a large (not huge) job-creation program under the Comprehensive Employment and Training Act, abbreviated as CETA. This public service jobs program peaked at 750,000 jobs in 1978 at a cost of \$4 billion.

But the program was very unpopular. One national magazine ran an article under the headline "CETA is a Four Letter Word," damning excesses of the public jobs program. Right after the 1980 presidential election, the entire CETA public service jobs program was eliminated, which is indeed a rarity for public programs.

Why did this happen? What are the implications for the debate going on today about work instead of welfare?

A group of researchers at first based at the Brookings Institution and later at Princeton University conducted a national study in 40 sites of the CETA jobs program. We found that in its early form the program was set up to be countercyclical - that is, to provide jobs to compensate for high-level unemployment. President Jimmie Carter's Emergency Stimulus Plan of 1977 included a big boost of CETA jobs. The money was paid to states and localities. Our research found (surprisingly to many observers) that the results were good. Extra jobs were done by states and localities, things they couldn't otherwise afford to do but wanted to do. Examples are the clean-up of parks and streets, more hall monitors in schools, back-up help for clerical duties at police stations and in other public offices.

When economic pressures abated, supporters of the program looked around for another purpose for this stream of federal aid money. They hit on helping the disadvantaged and shifted the countercyclical program to a "structural" rationale to provide work experience and training for disadvantaged people who have been out of the labor force for a long time.

Now comes the rub.

States and localities resisted these new requirements for selection and training. So they farmed out most of these jobs to nonprofit community groups providing social and community services. In a nutshell, the program changed constituencies, and its new constituency was weaker and less well organized. Moreover, some of the groups aided were fringe groups doing marginal things that provided grist for the media mills of critics. Jobs for sex-therapy clinics and yoga centers fed the fiscal fires of opponents. The CETA jobs program bit the dust.

What does this tell us about how we could help the five million welfare family heads and nine million children now receiving Aid for Families with Dependent Children?

Based on the experience of the seventies, we probably couldn't handle even a quarter of the number of jobs that would be needed for the current caseload. Some mothers in welfare families would not be eligible; but other people might come forward if the jobs were even marginally attractive. People in this part of the labor force often work at crumby jobs under bad conditions. Public jobs, even if carefully structured to be time-limited, would have an appeal for many poor parents.

What about the children? Child care while their mothers worked for this many kids is a huge undertaking, even if many of them are cared for by other family members.

And, where will the jobs be? There is good reason based on this history to believe states and localities would resist hiring huge numbers of people under conditions like those of the second phase of the CETA jobs program. There are many wonderful community groups that could pick up the slack, but it is no easy management task to choose which

groups should be eligible and to supervise and monitor what they do as employers of welfare family heads.

A dose of reality is called for. Jobs instead of welfare is a nice slogan, but not a realistic one as a sweeping, single, simple solution. We'd better think twice about this.

How about targeting the number of jobs we can reasonably afford and manage on the groups we most want to reach? The best group to target in my opinion is teenagers with one child who are not in high school or in a training program. There are 213,000 welfare family heads age 16-20 with one child. This is the group we need to reach to nip the welfare culture in the bud. Instead of two years and out, why not say to teenage welfare mothers that if you are a high school graduate or drop out, we will provide you with one year of work experience right away either in the public or private sector. This is a manageable task that would build on the Family Support Act of 1988, which set up systems in all 50 states to channel welfare family heads into the work force and help them become self-sufficient. Not two years and out. Right away. We will provide you with a guaranteed job that hopefully will break the welfare cycle.

Do it now. This would give hope. It would move the dialogue. It would be a much better strategy than launching into a huge acrimonious national debate (with troubled racial overtones) about grand new ideas that have no bearing on what we can afford to do or manage with real capability.

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Richard P. Nathan  
December 16, 1993



WR-JOBS

UNIVERSITY PROFESSOR

December 13, 1993

Mr. Bruce Reed  
Deputy Assistant to the President  
Domestic Policy Council  
The White House  
Washington, DC 20500

Dr. Isabel V. Sawhill  
Associate Director, Human Resources  
Office of Management & Budget  
OEOB  
Washington, DC 20503

Dear Bruce and Belle:

The following may help in greatly reducing the public costs of community jobs for welfare recipients who cannot find jobs in the private sector:

1. Agree with a list of designated not-for-profits (of which there are several hundred thousands), say hospitals and public schools that they are eligible each for N welfare recipients with the understanding that they (who will get a free resource) will provide the monitoring. CBO estimates the cost of monitoring to be \$3,300 per person and the public would not have to cover this amount.

(It might be argued that the labor unions would object to this form of free labor, but that would not change if the public paid for the supervision. The idea is to assign these welfare people to places that have no money to do new hiring.)

There will be some small extra costs (e.g., transportation) but not significant ones. (See next re child care.)

2. Welfare mothers who have one child whose age is younger than a given age (say two) should not be required to work outside their home but instead to provide child care services to other welfare clients, so they could work outside the home without the public paying for child care services. (Estimated savings to the public: \$3,000 per person).

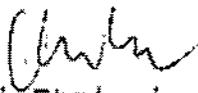
Ltr to Bruce Reed and Isabel Sawhill  
December 13, 1993  
Page 2

ASSUMING THAT THERE WILL BE UNIVERSAL HEALTH CARE COVERAGE, IF MONITORING AND CHILD CARE ARE COVERED NOT FROM PUBLIC COSTS THE DIFFERENCE BETWEEN THE COSTS OF COMMUNITY JOBS AND CURRENT WELFARE WOULD BE MINIMAL.

3. A more extreme approach would be to provide five percent of some categories of public funding now in place (say to clean up the environment) in the form of allotment of work from welfare people. I.e., instead of the previous grant \$1,000,000, they would now receive \$950,000 and \$50,000 worth of welfare clients' work. This approach would result in a net saving to the public but is sure to raise considerable opposition from the beneficiaries of such funding.

For your consideration.

Best,

  
Amitai Etzioni

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THE WHITE HOUSE

WASHINGTON

December 9, 1993

MEMORANDUM FOR BOB RUBIN

FROM: BONNIE DEANE, NEC *BD*  
BILL DICKENS, CEA *BD*  
PAUL DIMOND, NEC *PD*

SUBJECT: JOBS FOR YOUNG BLACK MEN

This memorandum concerning jobs for young, black men is a follow-up on our discussion with Bruce Reed, Joe Stiglitz, Bill Dickens, Gene Sperling, Paul Dimond, and Sheryll Cashin. It outlines (i) the special problems faced by this group; (ii) the range of possible solutions; (iii) and an action plan for the Administration. In the attachments, I have included more detailed information on population estimates and the design and effectiveness of specific programs such as America Works and Youthbuild.

**You have agreed that we should raise this issue again in January in the context of reassessing our overall urban policy strategy.**

I. Special problems faced by young black males in the labor market.

Usually, it isn't just a lack of jobs. In the President's Memphis speech and at the recent Carnegie Conference on Urban Issues, the problem is discussed in terms of a "lack of jobs." This conveys the idea that if only we could stimulate the economy in these distressed areas, we could reduce the non-employment rates among young black men from today's 42% level (and higher in certain communities). Yet, we know that:

High rates of unemployment often exist in high-poverty areas across the street from thriving business centers and residential communities with very low rates of unemployment (Ellwood 1983). Jobs are within a reasonable distance for neighboring communities, but seem light years away from the "distressed community."

Jobs exist in the community—in grocery stores, in fast food shops, in clothing stores—which few of the indigenous residents will be offered.

Katz and Cutler (1992) have documented the extent to which booming growth in the 1980s did not benefit the poorest families.

The primary problem is not a "lack of jobs," it is a lack of employment opportunity. Distinguishing between "a jobs shortage" and "an opportunity" is crucial to formulating an appropriate response. During the depression, jobs were created to help people temporarily knowing that they would return to work in the private sector as the economy recovered. The employment problem in the inner cities, however, is of a different nature:

**It's networks, not geography that limits access to jobs.** Most of us do not get our jobs because we live next door to the company. We get our jobs through connections. Studies of how people find work consistently conclude that the most common method for finding good jobs is a referral from friends or relatives who know of job openings and can vouch for our trustworthiness to the person making the hiring decision.

A major problem for the urban poor is the lack of access to these networks for finding jobs. To provide such referrals, friends and relatives must themselves be employed and be a credible reference. The concentration of unemployment in poor neighborhoods or housing projects makes it difficult for the urban poor to make use of this highly productive method of job search. Instead, they must rely on formal methods of job search such as want ads and state employment development offices. The over-representation of the least advantaged among the population using these methods drives employers offering good jobs away from them. This intensifies the job-finding problem not only for young, black males, but also for women, adults, and people of all races who live in high poverty areas.

**Lack of work etiquette and other basic skills limits employability.** In addition to the basic networks problem, young black males in the inner city tend to lack a basic understanding of how to act in the workplace as well as literacy and other marketable skills. Bill Wilson recently spoke in Washington about the reluctance of white and black employers to hire young, black men who were perceived as likely to act up or cause trouble. Many of these youngsters have difficulty adjusting to the workplace because they received little parental discipline from teen mothers or absent fathers and received little education from their troubled schools. Those young, black men ~~who~~ have the right skills also suffer from this stereotype.

**Increasing discrimination against all blacks reduces the incentive to try.** The black/white earnings gaps were narrowed substantially by 1975 for all groups except non-college educated men. This progress was completely reversed in the 1980s: the black/white earnings gap increased 50%. The black/white gap for earnings of college graduates jumped the most: from 2.5% to 15.5%. The motivation for young, black men to try hard can be sapped by seeing employed friends and relatives with increasingly unfair pay and job prospects despite their "work etiquette" and "education qualifications." The unwillingness of Republican governments to enforce the discrimination laws has also contributed to the growing underclass by reducing the real share of economic growth accessible to all blacks. When the door of opportunity is being slammed, is it not sensible for kids to lose motivation and turn to crime?

A strategy to promote jobs for this disadvantaged group should try to mitigate these three barriers and help them access the millions of job openings in our economy every year.

## II. How can we increase opportunity among young black men?

In this section, we will outline a spectrum of solutions and evaluate the ability of these solutions to address the three problems outline above.

**What does NOT work for young black men:** The Targeted Jobs Tax Credit (TJTC) and the Works Progress Administration (WPA) represent two ends of the spectrum from pure market solutions to pure government solutions.

**TJTC:** The TJTC is an elegant, purely market-based solution that is not effective for helping young, black men. It provides a tax credit to employers who hire certain categories of disadvantaged people. It is supposed to work by compensating employers for the higher supervisory costs or the lower productivity levels of disadvantaged workers. In fact, the TJTC requires so much paperwork that many employers do not collect their credits. Those who do collect the credits tend to hire whomever they wish and then use a consultant to do the paperwork. Few employers would actually decide that an employee looks more attractive because of the tax credit. In a study using random assignments, disadvantaged people found employment more easily when they did not tell employers about the tax credit. Thus, the tax credit alone actually worsens the possibility of a person finding a job because it stigmatizes the individual as "damaged goods."

**WPA:** In contrast, the WPA is a purely government solution to the problem. The government finds a project worth doing and supplies all the equipment, supervision and wages necessary to hire the people directly. The WPA would probably be more far more effective than the TJTC for ensuring that certain groups of people will get jobs. However, WPA programs have several drawbacks with respect to serving young, black men. The drawbacks of both TJTC programs and WPA programs for serving young black men are spelled out below.

### Why don't these traditional approaches work for young, black men?

TJTC and WPA programs do not necessarily enhance networks. Starting a government jobs program which keeps people in high poverty areas and further reduces their interaction with people who have private sector jobs would tend to exacerbate the networks problem. Stimulating the economy through tax breaks could create more jobs that young, black men will not hear about.

**TJTC and WPA may not address skill deficiencies.** The TJTC encourages employers to hire disadvantaged people who are not perceived to have these problems; hence they avoid young black men. A government jobs program could actually exacerbate the work habits and skills problem. To the extent that young black men are hired without training them to deal with discipline and to read and write, their employment deficiencies are legitimized and perpetuated. If the jobs program is meant to take on this skills deficit, it will require much larger expenditures on supervision and training than the typical jobs program. In the second section of this paper, we will cover programs like Job Corps and America Works which provide the extra overhead for building work etiquette and basic skills.

**The TJTC or a WPA program would not necessarily help reduce discrimination either.** Without better access to private sector jobs, fair pay, and promotions, why would kids strive to excel in their government jobs? The problem would be worsened if a government job as a reference is stigmatizing. In addition, special treatment for the disadvantaged could fuel resentment and increase unwillingness to hire blacks. Segregating blacks into a special job program in lieu of connecting them to the real jobs is a disservice. Hiring youth from families of all races and income levels would be expensive.

**Another significant problem with the WPA approach is the cost.** A very low cost program providing minimum wage jobs with low overhead would cost about \$10,000 per job. A better program could easily double the cost per person in order to provide building materials, training, and expert supervision. If such a program was targeted on black men between 18 and 24 living below the poverty level, ~~395,000~~ people would have been eligible in 1991. Between \$4 and 8 billion dollars per year would be required to hire all of them into minimum wage jobs, depending on the quality of the program. If young Hispanic men were also eligible, the potential cost would double. For all young men in poverty regardless of race, the potential cost would range between \$16 and 32 billion per year. If young women in poverty were also eligible (and how could you justify excluding them?) the cost for employing all below-poverty men and women between 18 and 24 would be between \$40 and 80 billion per year.

**Which government programs work for young, black men?**

**Residential Job Corps:** The only program which has demonstrable results for young black men is the Jobs Corps. For about nine months, this program provides a residential setting, round the clock supervision, and skills training as well as a job. Seventy-six centers teach mostly service occupations (health and administrative) in locations operated by major private corporations or non-profits. Thirty centers teach construction and heavy equipment operation in Civilian Conservation Corps camps operated by the Interior or Agriculture Department. A 1982 report from Mathematica Policy Research found that Corps graduates earned 15% more and worked 3 more weeks per year than comparable non-Corps youth. The CCC camps cost more to run, but more graduates get jobs at higher wages than those who are trained for service occupations (GAO, 1986). Overall, the Job Corps program pays for itself within three years and ultimately returns 146% of the investment in terms of reduced incarceration, reduced welfare costs, and improvements such as public parks.

The program serves about 60,000 people annually at 106 centers in slots costing about \$20,000 per person--double the cost of a low budget, WPA-style, minimum wage job. This would put the costs for full funding at or above the high-end range cited in the above paragraph on WPA costs. The Clinton Administration is increasing the funding for this program from \$800 million in 1990 and 1991 to X over the next four years. Nine new centers will be built next year.

This program is focused mostly on the lack of skills and work etiquette. To some extent, Job Corps may also assist with networks since it takes young men out of their community and introduces them to professionals in their area of specialty.

**YouthBuild:** Another innovative way of helping young men (and some women) has been promoted through YouthBuild. This program will receive federal funding for the first time this year. An evaluation by a Harvard and MIT research team is currently underway. It has many of the critical success factors in Job Corps.

These programs have provided 12 to 18 months of training to over 1,000 people in construction trades while they rehabilitate abandoned buildings in the inner-city or build new low income housing in rural areas. They spend half of the program time in academic classes for basic skills and a high school diploma. If possible, they are involved in a union apprenticeship program during or after their experience in YouthBuild and often earn \$6 to 8 per hour after leaving the program. While the program is not residential, programs include counselling, support groups, and recreational activities. Heavy emphasis is placed on learning responsibility and leadership skills through decisionmaking opportunities in the program. This program will provide a good test of whether the best results of Job Corps can be obtained for many young men without the cost of residential settings.

"Mixed Modes" may be more cost-effective, but have not been successfully implemented for young, black men.

Mixing market incentives and government programs may be the most cost-effective way to mitigate employment problems for young, black men. What these approaches have in common is that they move people quickly into the mainstream labor market and provide only the support services necessary to overcome networks, skills and discrimination problems. These programs do not try to create new jobs so much as to help the disadvantaged populations get and keep existing jobs.

**America Works and other supported work programs** have been very successful at placing welfare mothers into permanent, higher paying jobs and reducing welfare receipt. At America Works, half of the operating budget is spent on building networks with local employers and developing job opportunities. The job developers find good jobs paying \$15,000 on average and provide references for candidates with the right skills. The program also provides extra supervision to augment the private sector employer's normal level. This approach--which differs greatly from the model of human investment before work--has not been systematically tried with young, black men.

**On-the-Job Training under JTPA** has been moderately successful with improving the employment prospects for men and women, but not youth. For men and women between 18 and 21, participation in OJT resulted in relative losses of earnings as high as \$2,000 for certain groups of young men (See summary of JTPA evaluation in attachments). In OJT programs people are placed in subsidized, private-sector jobs with the understanding that employers will provide the training and extra supervision. Unlike the America Works program, no assumption is made that the worker is "auditioning" for a permanent job.

Neither supported work or OJT has demonstrated success in assisting young men of any race. Supported work programs, however, have a more consistent methodological approach for improving the job networks, building the work etiquette and placing people in permanent jobs. At a minimum, OJT programs should be made more accountable for providing extra counselling and supervision for youth in the OJT program--not just subsidizing employers. Recent Congressional moves to require participating employers to offer permanent jobs to high performers is also more consistent with the America Works approach. Another direction for research on "mixed modes" would be the provision of supervised apartment buildings for a proportion of young OJT participants.

III. An Action Plan for the Administration.

A) Our current programs offer bold experimentation in job programs generally:

**Welfare Reform** – At least \$3.5 billion dollars per year will be available to experiment with mixed modes of job placement, job creation, and work experience. (Once welfare reform is fully phased in.) These jobs however, will be provided primarily for women because they are the main caretakers for children without income. Jobs for non-custodial fathers will be provided on a demonstration basis.

**Empowerment Zones** – Another \$3.5 billion will be offered to communities that have creative ideas and private sector commitments to creating growth and jobs for zone residents. This will not only establish private sector jobs and community service in the zone, but also linkages to vibrant labor markets outside the zone. Although this represents an innovative approach to "jobs programs" it may not benefit young black males if they are the most difficult to employ.

**National Service** – \$1.5 billion over three years will be used to create about 100,000 community service positions and scholarships. The National Service funds will be used to match private or other federal funds in order to create partnerships for serving community needs. It is not clear how much this will benefit young, black men. If the service positions are filled in a way that "looks like America" we would expect less than 5,000 black men of any age to participate over the three years.

**Increased funding for Job Corps and YouthBuild.** Job Corp funding may rise by about \$250 million in the 95 budget. HUD has expanded Youthbuild rapidly from no federal funding in 1992 to \$48 million in 1994.

**Boot Camps for young offenders.** The crime bill allocates over \$2 billion dollars to create boot camps. To the extent that these contain a strong educational component, they could contribute to building marketable skills.

Aside from Job Corps and YouthBuild, our current jobs agenda may not provide extensive assistance to young, black men. These programs may, however, increase the employment levels in the communities where many young, black men grow up. This could assist them by tightening labor markets, providing role models for work, and providing a routine and structure to life in the community which revolves around work.

B) New ideas to promote hiring in distressed communities:

**Add even more money to the YouthBuild program or Jobs Corps (\$50 to 500 million).** HUD is funding the program at \$40 million for 1993 and \$48 million for 1994. If it is as effective for helping young men as Job Corps (which gets over \$800m per year), more money could be added by deducting from JTPA title II-A (which spends \$720 million on ineffective youth training). Job Corps also has the capacity for further expansion. DOL received almost one hundred fully researched proposals for new Job Corps sites, but only nine will be built.

**Expedite our Civil Rights appointments and let the Attorney General get the equal opportunity enforcement underway (No cost).** This will be an investment in the motivation of kids by re-opening the doors of opportunity and expanding the number of their role models. Furthermore, better employment among their relatives and friends will lead to better job networks for black youth.

**Creating New Private Sector Businesses.** An alternative to placing people with existing private sector firms or creating public sector jobs is creating new private sector firms. A model is provided by the Halifax Regional Development Authority (HRDA) in Canada. In an innovative program to get people off public assistance by providing them with work, HRDA set up a quasi-public corporation to take welfare money and invest it in the creation of new businesses which employ people who receive public assistance. Some of the businesses include recycling and a household appliance repair shop. Studies seem to indicate that this was a cost effective way of providing jobs and getting people off welfare. However, the scale of the project is rather small with the agency assisting about a half-dozen businesses with ~~capital and~~ management. Each business employs about 20 people. There is no evidence that the scale of such an effort could be greatly expanded.

**Fix JTPA Title II-A (No cost).** The year-round training program should emphasize OJT more than classroom training and require more counselling and support for youth. The option of requiring some youth to live in supervised dormitories and study part-time should also be considered.

**Convert existing public jobs into community assistance jobs (No cost):** A major change could be accomplished by shifting the role of ~~existing~~ government programs from outside intervention to community empowerment. If cabinet members agreed, each social service program could be required to use neighborhood resources—people, banks, offices, etc--insofar as possible. Welfare, housing, and health services should be required to try to employ those people who use the services and live in the community first. This does not mean that they should lower their standards or discriminate by race. It does mean that they should, to some extent, discriminate by location. People who serve a community should live and work in it when possible.

*Why should we ask private employers to hire disadvantaged workers or zone residents when we are not willing to insist that our own federal managers do so?*

We know it works. Vista (now National Service) has used this stipulation successfully to replace the model of benevolent middle class volunteers with a self-help, community-based strategy. Under the new welfare program, the pregnancy prevention strategy is likely to include an outreach program in which welfare mothers counsel teens to avoid pregnancy. Similarly, a local public housing project has instituted a policy of hiring residents for maintenance work and improved both services to tenants and reduced government costs by increasing tenants' ability to pay rent.

In this way, new funding for urban revitalization would create jobs for disadvantaged residents. New money will be invested in employing daycare workers and casework under welfare reform. Increased Headstart funding will also open up more childcare jobs. In the Empowerment Zones, communities will be encouraged to use social services dollars to expand community service job opportunities for residents. Similarly, HUD is planning some major restructuring of their housing stock in the coming decade that could provide numerous jobs for disadvantaged workers. Health reform will create numerous jobs as home health aides. Without lowering the employment standards in any of these programs, we could require that people look first into the communities that they serve for employees, services, and organizational support.

**Training for government funded jobs (\$500 million in grants to a cross section of federal agencies):** To achieve the goal of hiring people in the community without sacrificing the quality of government services, additional funds for training and supervision could be helpful. We could create a new competitive grant fund for government service agencies that want to train their customers for jobs such as daycare, housing maintenance, community outreach, etc. Whether the funds are used for supported work or classroom preparation, successful candidates would receive a permanent job offer in the public sector.

This would build on the idea above, but make extra resources available to accomplish it. Since the number of people hired in a community might be constrained by the number of qualified people, this would expand the effectiveness of the community-based approach. We should be funding training for real jobs in the public sector as well as private sector.

**Create a work/study program (No cost).** Allow states to require federal contractors working in the inner-city to set aside at 5% of their jobs for disadvantaged youth if the state provides subsidies and extra training or counselling on the side. These jobs can be subsidized by the TJTC, national service, JTPA, welfare to work, or other funds. It would put the kids in the mainstream and offer support to stay in the job and move ahead. Andrew Cuomo has expressed interest in supporting states that move in this direction.

Attachment A

AMERICA WORKS!

Description: America Works is a private, for-profit company that places women who have received welfare recipients for an average of five years in private sector jobs paying about \$15,000 and providing full benefits. They offer about 4 weeks of orientation and work habits training in addition to typing and other basic skills. After graduating from the orientation course, the participant goes out on job interviews until a placement is found. For the first six months the welfare recipient works for a paycheck from America Works, while America Works collects the welfare check and the wages from the employer. From the employer's point of view, it is like hiring a temp from an agency. The employer has no responsibility for covering benefits and can call the agency if there are any supervisory problems. At the end of six months, a permanent job is offered if the employee has worked well. The welfare benefits end, the company puts the person on the payroll with full benefits and America Works receives a \$5,000 payment from the welfare agency.

Cost/Benefit: A \$5,000 payment per person for nine months of work and an offer of a permanent job is very cheap compared to \$10,000 or 30,000 for a public job that ends. America Works acknowledges, however, that the TJTC and 6 months of welfare benefits in addition to the \$5,000 bonus makes participation more economically attractive to employers. Even counting the cost of the TJTC and the welfare benefits, placing people in permanent, private sector jobs through America Works is at the same cost as a temporary, government job.

On-the Job Training under JTPA

Description: JTPA's OJT program places participants in subsidized, private sector jobs in which the employers are supposed to provide training and possibly permanent placement. Program design varies considerably since they are operated under the authority of local public-private partnerships known as Private Industry Councils (PICs). Funds from Title II-A of the JTPA can be used for classroom training for youth and adults as well as OJT. Some programs probably provide more supportive services for the OJT participants than others. None of the programs are residential.

Cost/Benefit: Title II-A spends a total of \$1.8 billion annually on services such as OJT, education, and job search assistance for about one million low income adults. OJT slots cost about \$4,000 per person. A national study of JTPA found that the OJT was more beneficial than classroom training for adult men and women. However, for men and women aged 16 to 21, both classroom and OJT programs under title II-A have a negative impact on earnings relative to peers. Poor evaluation design may account for these results with insufficient correction for selection bias problems like

high rates of prison records among JTPA youth. Alternatively, poor program implementation may account for the dismal results. For example, OJT subsidies are used to attract new economic developers and to subsidize jobs for long periods with no measurable value for building skills. Congress has moved to limit the use of subsidies in firms which do not provide a permanent job offer at the end of the training period.

Also attached:

Census numbers of young, black men in 1991.

Summary of National JTPA Study (2 pp.)

Summary of YouthBuild (2 pp.)

Table 5. Age, Sex, Household Relationship, and Hispanic Origin, by Poverty Status of Persons in 1991

(Numbers in thousands. Persons, families and unrelated individuals as of March of the following year. For meaning of symbols, see text)

Characteristic	All races			White			Black			Hispanic Origin <sup>1</sup>		
	Total	Below poverty level		Total	Below poverty level		Total	Below poverty level		Total	Below poverty level	
		Number	Percent of total		Number	Percent of total		Number	Percent of total		Number	Percent of total
<b>ALL PERSONS</b>												
<b>Both Sexes</b>												
Total	251 179	35 708	14.2	210 121	23 747	11.3	31 312	10 242	32.7	22 098	8 239	28.7
Under 18 years	85 918	14 241	16.5	52 323	8 548	16.3	10 350	4 755	45.9	7 548	3 094	40.4
18 to 24 years	24 434	4 120	16.9	19 952	2 781	13.9	3 517	1 122	31.9	2 796	771	27.6
25 to 34 years	42 493	5 568	13.1	35 318	3 870	11.0	3 423	1 426	26.3	4 249	1 026	24.1
35 to 44 years	39 571	3 582	9.1	33 496	2 384	7.1	4 462	968	22.1	3 168	656	20.7
45 to 54 years	27 023	2 187	8.0	23 297	1 541	6.6	2 787	544	19.5	1 812	326	18.1
55 to 59 years	10 620	1 019	9.6	9 063	715	7.9	1 158	248	21.9	582	113	17.0
60 to 64 years	10 530	1 120	10.6	9 196	795	8.7	1 011	278	27.5	589	115	19.5
65 years and over	30 590	3 781	12.4	27 297	2 602	10.3	2 609	890	33.8	1 143	237	20.8
65 to 74 years	16 441	1 981	12.1	14 318	1 345	9.4	1 665	547	32.9	732	137	16.8
75 years and over	12 148	1 800	14.8	10 993	1 457	13.3	944	353	37.3	411	100	24.3
<b>Male</b>												
Total	122 419	15 082	12.3	102 907	10 079	9.8	14 751	4 197	28.5	11 051	2 900	26.2
Under 18 years	33 758	7 205	21.3	26 937	4 456	16.5	5 275	2 382	45.2	3 880	1 572	40.5
18 to 24 years	12 083	1 823	15.1	9 907	1 132	11.4	1 654	395	23.9	1 427	321	23.2
25 to 34 years	21 124	2 049	9.7	17 736	1 505	8.5	2 505	492	17.2	2 227	400	18.0
35 to 44 years	19 506	1 483	7.6	16 738	1 081	6.4	2 027	340	16.8	1 594	280	17.6
45 to 54 years	13 114	894	6.8	11 427	699	6.1	1 325	195	14.7	880	142	16.3
55 to 59 years	5 108	367	7.2	4 373	271	6.2	538	67	12.5	334	60	17.8
60 to 64 years	4 928	408	8.3	4 367	283	6.5	439	95	21.6	263	42	16.2
65 years and over	12 809	1 015	7.9	11 431	693	6.1	1 058	271	25.6	486	72	15.4
65 to 74 years	6 288	532	8.5	5 323	407	7.6	739	193	26.1	310	42	13.4
75 years and over	4 533	383	8.5	4 108	286	7.0	319	78	24.6	167	30	19.3
<b>Female</b>												
Total	128 761	20 626	16.0	107 214	13 668	12.7	16 561	6 044	36.5	11 017	3 439	31.2
Under 18 years	32 162	7 136	22.2	25 586	4 392	17.2	5 078	2 382	46.7	3 668	1 521	40.4
18 to 24 years	12 331	2 487	20.1	10 046	1 658	16.5	1 864	728	39.1	1 371	440	32.1
25 to 34 years	21 369	2 519	11.8	17 581	2 365	13.5	2 918	998	34.1	2 022	626	31.0
35 to 44 years	20 086	2 090	10.5	16 757	1 320	7.9	2 435	648	26.6	1 574	375	23.8
45 to 54 years	13 910	1 273	9.2	11 830	672	5.7	1 582	349	22.5	952	186	19.5
55 to 59 years	5 611	432	7.7	4 710	444	9.4	618	159	25.8	327	53	16.2
60 to 64 years	5 803	714	12.3	4 839	500	10.4	572	183	32.0	329	73	22.3
65 years and over	17 790	2 766	15.5	15 866	2 108	13.3	1 549	609	39.3	677	166	24.5
65 to 74 years	10 174	1 329	13.1	8 992	930	10.4	926	353	38.3	422	96	22.7
75 years and over	7 616	1 436	18.9	6 874	1 171	17.0	623	254	40.8	256	70	27.4
<b>PERSONS IN FAMILIES</b>												
<b>Both Sexes</b>												
Total	212 716	27 143	12.8	177 813	17 288	9.7	20 684	8 004	32.0	10 867	5 541	26.2
Under 18 years	64 683	13 795	21.1	51 689	8 363	16.2	10 180	4 639	45.6	7 495	2 998	40.0
18 to 24 years	19 898	2 832	14.3	16 079	1 611	10.0	3 081	919	29.8	2 360	554	23.6
25 to 34 years	33 326	4 219	12.7	27 867	2 821	10.2	4 310	1 208	28.0	3 522	872	24.7
35 to 44 years	33 504	2 696	8.0	28 892	1 798	6.2	3 686	747	20.3	2 740	552	20.1
45 to 54 years	22 961	1 392	6.1	19 628	1 001	5.0	2 136	330	15.4	1 583	233	16.1
55 to 59 years	8 935	641	7.2	7 791	428	5.5	896	171	19.1	560	74	14.2
60 to 64 years	8 800	520	5.9	7 849	448	5.7	582	142	20.6	506	75	15.6
65 years and over	20 341	1 228	6.0	18 212	820	4.5	1 593	345	21.9	891	124	13.9
65 to 74 years	12 440	752	6.0	11 029	504	4.6	1 047	224	21.4	590	79	13.4
75 years and over	8 901	466	5.2	8 184	325	3.9	546	124	22.8	301	45	14.6
<b>Male</b>												
Total	104 431	11 781	11.3	88 091	7 724	8.8	12 240	3 436	28.1	9 694	2 527	26.2
Under 18 years	33 239	6 888	20.7	26 543	4 226	15.9	5 181	2 316	44.7	3 812	1 529	40.1
18 to 24 years	9 701	1 845	19.0	7 947	583	7.3	1 432	300	21.5	1 184	239	20.2
25 to 34 years	15 556	1 383	8.9	13 133	962	7.3	1 809	394	16.8	1 734	324	18.7
35 to 44 years	15 937	1 172	7.3	13 757	713	5.1	1 549	182	12.4	1 298	217	16.8
45 to 54 years	11 037	522	4.7	9 725	400	4.1	897	103	11.5	716	99	13.0
55 to 59 years	4 361	256	5.9	3 793	182	4.8	403	57	14.2	271	40	14.8
60 to 64 years	4 203	272	6.5	3 821	207	5.4	272	49	18.1	237	33	13.7
65 years and over	10 339	580	5.4	9 384	411	4.4	898	115	12.5	404	52	12.9
65 to 74 years	6 888	353	5.1	6 225	259	4.2	494	73	14.9	272	30	13.1
75 years and over	3 452	208	6.0	3 156	153	4.8	202	42	20.7	132	22	16.8
<b>Female</b>												
Total	108 285	15 362	14.2	89 523	9 544	10.7	14 324	5 068	35.4	10 003	3 014	30.1
Under 18 years	31 444	6 307	20.1	25 144	4 137	16.5	5 000	2 322	46.5	3 678	1 468	39.8
18 to 24 years	12 382	1 978	16.0	10 404	1 029	12.5	1 648	619	37.6	1 177	348	29.3
25 to 34 years	17 771	2 066	11.6	14 534	1 829	12.6	2 501	904	36.1	1 788	548	30.6
35 to 44 years	17 967	1 727	9.6	14 933	1 056	7.1	2 137	556	26.0	1 444	335	23.2
45 to 54 years	11 914	670	5.6	10 200	601	5.9	1 230	227	18.3	867	162	18.9
55 to 59 years	4 574	382	8.3	3 820	248	6.5	492	114	23.1	269	39	13.8
60 to 64 years	4 397	264	6.0	3 828	241	6.3	410	93	22.7	269	46	17.2
65 years and over	10 001	688	6.9	8 828	417	4.7	897	233	26.0	487	71	14.7
65 to 74 years	6 562	410	6.2	5 803	245	4.2	553	151	27.2	318	49	15.4
75 years and over	3 439	258	7.5	3 025	172	5.7	344	89	24.0	168	23	13.3
<b>Householder</b>												
Total	67 173	7 712	11.5	57 224	5 022	8.8	7 716	2 543	33.0	5 177	1 372	26.5
Under 18 years	27	23	(8)	25	21	(8)	2	2	(8)	5	5	(8)
18 to 24 years	2 615	914	34.9	2 046	588	27.2	488	328	67.0	388	176	45.6
25 to 34 years	14 379	2 650	18.4	11 902	1 748	14.7	1 984	812	40.9	1 528	511	33.4
35 to 44 years	17 533	1 786	10.2	14 226	1 147	8.1	2 119	531	25.1	1 422	367	25.8
45 to 54 years	12 187	681	5.6	10 611	593	5.6	1 211	228	18.8	832	157	16.8
55 to 59 years	4 733	389	8.2	4 064	245	6.0	568	117	21.0	301	52	17.4
60 to 64 years	4 943	361	7.3	4 062	245	6.0	384	100	26.1	278	41	14.7
65 years and over	11 135	728	6.5	9 649	498	5.2	998	229	23.7	425	63	14.9
65 to 74 years	7 339	451	6.1	6 641	285	4.3	853	148	22.7	291	43	14.7
75 years and over	3 806	277	7.3	3 408	182	5.4	317	81	25.7	133	21	15.5

See footnote at end of table.

## Does JTPA Increase Employment and Earnings and Decrease Welfare Dependence? Is It Cost-Effective?

With disappointing evaluation results, the Clinton Administration plans to hold JTPA spending at current levels until more effective approaches can be developed.

**Background** The Job Training Partnership Act (JTPA) program is the major federally funded training program for economically disadvantaged workers. At a cost of approximately \$1.8 billion annually, JTPA Title II-A programs serve roughly one million low-income participants.

Although the federal government has funded services through JTPA and its predecessor programs for more than 25 years, there have always been questions about impact and effectiveness. Early evaluations that compared the post-program experience of participants with that of a group drawn from national survey data yielded conflicting and inconclusive results. In 1986, the Department of Labor funded the National JTPA Study to obtain reliable estimates of the program's impact by randomly assigning applicants either to the program or to a control group.

### Program Design

The National JTPA Study measured the effects of ongoing JTPA programs in 16 local Service Delivery Areas (SDAs) across the country. Each provided a range of services that included classroom training in occupational skills, on-the-job training in private firms (OJT), job search assistance (JSA), basic education, work experience, and a variety of other less intensive employment and training services. Participants often received multiple services so for the purposes of analysis, they were categorized into three "service strategy" subgroups on the basis of the services for which they were recommended at program entry. These included:

- The *Classroom Training* strategy which was defined to include sample members recommended for classroom occupational skills training but not for OJT, regardless of any other services for which they might have been recommended. Most JTPA enrollees in this subgroup subsequently received either occupational skills training or basic education, or both.
- The *OJT/JSA* strategy which was defined to include sample members recommended for OJT but not for classroom training in occupational skills, regardless of any other services for which they may have been recommended. Most JTPA enrollees in this subgroup subsequently received either OJT or JSA, or both.
- The *Other Services* strategy which was defined to include sample members who were recommended neither for occupational skills training nor for OJT. Most adults in this subgroup received either JSA or one or more of a variety of less intensive services primarily aimed at immediate placement in an unsubsidized job. Most youths in this subgroup received services intended either to remedy deficiencies in their work-related skills or to better define their vocational interests and aptitudes, such as basic education, job-readiness training, vocational exploration, and try-out employment.

# An Introduction to YouthBuild

**T**he YouthBuild movement, growing out of the Youth Action Program in East Harlem in 1988 and already extending to 45 states, is creating a groundswell of programs which are committed to enabling young people to rebuild their communities and take charge of their own lives. The vehicle for this is the YouthBuild program. We are building this movement by doing the following:

- providing technical assistance and extensive training to groups committed to developing YouthBuild programs;
- organizing the YouthBuild Coalition to advocate for funding and to link interested groups with each other;
- developing a national core of youth leaders who can share leadership of the YouthBuild Coalition;
- providing training to adults in the theory and method of youth leadership development as a central part of youth programming.

There are currently more than 200 groups in the United States that want to launch YouthBuild programs. There are 383 groups in 45 states that have joined the Coalition. There are 50 young people from ten states in the leadership core. 19 of whom are on the Steering Committee of the YouthBuild Coalition, along with seven adult leaders of local programs.

## Summary of YouthBuild Program Design

In YouthBuild programs, young people with an interest in rebuilding their communities are trained in construction skills for 12 to 18 months, while they rehabilitate abandoned buildings to provide affordable permanent housing for homeless or very low income people. In rural areas they construct new housing, since there are few abandoned buildings.

We work closely with selected groups possessing a high level of commitment, organizational capacity, and philosophical agreement.

Students attend academic classes for half of the program time, mastering basic skills and preparing for their high school equivalency diploma. Also built into the program are individual counseling, peer support groups, driver's license training, recreation, and cultural activities.

Major emphasis is placed on providing opportunities for young people to develop as leaders through decision-making that affects the program and its policies, through involvement in community life, and through leadership training.

At the end of the program, graduates usually obtain unsubsidized jobs in the construction industry where they earn from \$6.00 to \$18.00 an hour. Follow-up counseling and support groups are available. Every effort is made during the program and afterwards to include trainees in pre-apprenticeship programs so that they may gain entry into the construction-related unions.

The program is comprehensive. It works extremely well for young men who have dropped out of school, since it gives them a chance to play a profoundly useful and respected role in their community, building the most essential commodity needed by their families and neighbors: affordable housing. This restores them to the traditional role filled by young men in healthy communities. The program also works well for young women interested in nontraditional careers.

*(continues)*

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### **Origins and Background of the Program**

The YouthBuild program was pioneered by the Youth Action Program of the East Harlem Block Schools between 1978 and 1984. In 1984, responding to an upsurge of community support for YouthBuild, the New York City Department of Employment replicated it by funding two additional agencies. One of these, the Banana Kelly Community Improvement Association in the South Bronx, joined the Youth Action Program in providing assistance to other groups through the national YouthBuild Coalition.

In addition, Public/Private Ventures, a national research and demonstration agency, has proven a variation of the model workable in more than a dozen cities under the name "Ventures in Community Improvement" (VICI).

### **The Replication Process**

We are providing general information, including a comprehensive implementation manual, to all interested groups, and inviting all to periodic three-day training seminars. We work closely with selected groups possessing a high level of commitment, organizational capacity, and philosophical agreement.

There are now 15 YouthBuild programs of various sizes operating in Atlantic City, Boston, Cleveland, Decatur (Georgia), Gadsden County (Florida), Gary, Indianapolis, Los Angeles, Milwaukee, New York City, Philadelphia, Pittsburgh, St. Louis, San Francisco, and Tallahassee.

In the current period, replication is dependent on private funds and locally-raised public funds.

### **The YouthBuild Legislation**

The YouthBuild Act (H.R. 501), authorizing \$200 million for YouthBuild programs administered through HUD, was introduced in the House

of Representatives by Congressman Major Owens of Brooklyn in 1990. Senator John Kerry of Massachusetts introduced it in the Senate as S. 1100 in 1991.

After two years of energetic advocacy, the bill was passed into law as "Subtitle D—Hope for Youth: Youthbuild," in the Housing and Community Development Act of 1992. Congress directed HUD to spend a minimum of \$17.5 million and a maximum of \$40 million on YouthBuild programs in 1993. HUD decided to commit the full \$40 million for 1993, and requested \$48 million for 1994. These funds will be administered by the United States Department of Housing and Urban Development, through a competitive process.

### **YouthBuild USA**

The YouthBuild effort has generated real momentum. As a result, YouthBuild USA incorporated in 1990 as a separate national organization to carry out the YouthBuild replication process, to provide training in youth leadership development for interested youth-involving organizations, and to ensure that the YouthBuild Coalition has an impact on national policy affecting young people.

### **For More Information**

Contact us at:

YouthBuild USA  
58 Day Street, P.O. Box 440322  
Somerville, MA 02144  
(617) 623-9900  
Fax: 623-4331

THE WHITE HOUSE

WASHINGTON

November 29, 1993

Mr. Thomas J. White  
Vice President  
Greater Durham Chamber  
of Commerce  
P.O. Box 3829  
Durham, North Carolina 27702

Dear Mr. White:

Thank you for sending me a copy of the news article entitled, "Durham Chamber Helps Open Welfare System's Exit Door."

I am sharing the article with Bonnie Deane and Paul Dimond of the National Economic Council and with the Welfare Reform Working Group at the Department of Health and Human Services.

I appreciate your taking the time to write. Keep in touch.

Sincerely,



Bruce Reed

Deputy Assistant to the President  
for Domestic Policy

**Greater Durham**  
CHAMBER OF COMMERCE

-TY  
-cc: Paul D.  
Bonnie D.  
File: WR-JOBS

November 4, 1993

Mr. Bruce Reed  
Senior White House Advisor  
The White House  
1600 Pennsylvania Ave., N.W.  
Washington, D.C. 20500

Dear Mr. Reed:

I read with interest the front page article in the Wall Street Journal on October 25th regarding the Clinton Administration's welfare-to-work proposals. I wanted to send you the enclosed article for your interest and review regarding a local initiative made possible via a partnership between the local Chamber of Commerce and the Durham County Department of Social Services. For the past decade we have had a contractual relationship with the County to transition participants in programs such as CWEP, WIN and JOBS into entry-level jobs with employers like Glaxo and IBM in the Research Triangle Park. While quantitative performance has not been that spectacular, given the fact that we are only able to serve 50-100 individuals per year, the qualitative aspects of the program are excellent, as the articles indicate.

Public policy-makers may want to consider a formal linkage with economic development organizations that can provide job development and marketing assistance to Social Services agencies interested in moving their clients into gainful employment. While our initiative could most definitely be deemed to be guilty of "creaming", the contract does perform at the margins of the welfare population by providing the basic competencies, occupational skills, and job development services that yield good opportunities for participants who currently subsist on AFDC, Medicaid and Food Stamps.

I know that you are likely inundated with literally hundreds of ideas regarding welfare reform, but I hope this particular program might pique your interest and that we might entertain a visit at some point in the future. In the interim, best wishes for much success in your important work, and many thanks in advance for your attention and consideration.

Sincerely,



Thomas J. White, Vice President  
Economic Development

TJW:jt

Enclosures

# Grads get jobs, shed welfare

## Glaxo gets skilled employees

DTCC students must maintain 3.0 average

By J. WARD BEST  
The Herald Sun

For people like Yoruba Pettiford, the plentiful jobs in nearby Research Triangle Park might as well be on Mars.

But an innovative jobs program will almost guarantee the 18-year-old a job at Glaxo and a way off welfare for the young mother and her son. A scholarship program offered by the pharmaceutical giant will pay Pettiford to attend classes at Durham Technical Community College and guarantee her a job after graduation if she maintains a 3.0 grade point average.

Pettiford has nothing but praise for the two-year-old program and said it would help her realize her goals.

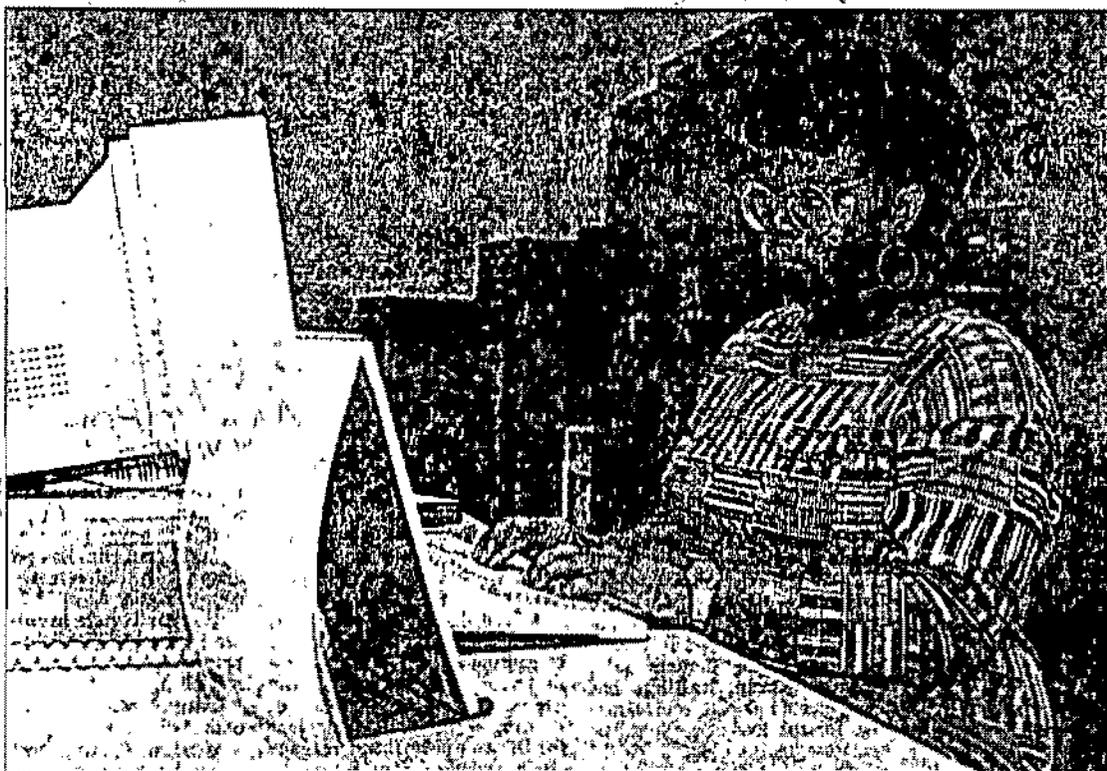
"I had planned on going through this program," Pettiford said, of Durham Tech's administrative office technologies program. "I was going to make it one way or another."

Pettiford said her grandmother helps her take care of her 7-month old son, Roderick Pettiford, and the scholarship allows her to concentrate on the five classes she's taking toward an associate degree.

"Because I do not have a job it helps me financially," she said. "I'm able to just get my education so I can go somewhere."

The program already has paid dividends to Glaxo and four people who have received their degree. Glaxo hired three of them; the fourth decided to continue her education. Two other women, Jerine Gibbs and Sharon Conyers, are taking courses under the program this year.

A need for skilled workers familiar



**JOB WAITING:** An RTP career was once as likely as a trip to Mars for Yoruba Pettiford, 18, but with scholarship help from pharmaceutical giant Glaxo and some academic elbow

grease at Durham Tech, Pettiford is looking forward to just such a future and an exit from the welfare rolls for her and her infant son.

with the pharmaceutical operation and big business prompted Glaxo to start the program two years ago. "The primary reason for starting it was we didn't have as many people wanting to work as secretaries as we needed," said Steve Sons, director of human resources for Glaxo.

Glaxo Inc., which has its U.S. headquarters in Research Triangle Park, found that its 500-plus strong secretarial pool had the highest turnover rate of the company. Employees either had too little education to function properly in the secretarial jobs or had too much education and were easily bored, moving to other jobs or leaving

the company.

Glaxo approached Durham Tech and asked the college to provide a specialized program that would train potential employees. The existing secretarial programs addressed part of the problem and some fine-tuning created programs geared toward Glaxo, but applicable to other jobs as well.

"The did a very nice job of balancing the needs of the students and balancing the needs of Glaxo," Sons said of the Durham Tech programs.

The program draws on the ranks of clients at the Durham Department of Social Services and the connections of the Greater Durham Chamber of Com-

merce. Jill Murphy, an assistant with the Chamber of Commerce who works with the JOBS office of Social Services, described the program as a successful partnership between the public and private sector.

"That's just one example of a good public-private partnership that helps people get off welfare," Murphy said of Glaxo's scholarship program.

The JOBS program, which targets food-stamp recipients, has placed 29 people in private-sector jobs that carry an average hourly wage of \$6.50.

"Being in the Chamber, I can get my please see **GLAXO/F5**

## GLAXO FROM F1

foot in the door and get these people interviews," Murphy said. "I can be a help to a company because I can give them people that are a good match for the company."

Murphy also provides counseling and job development and placement help for the JOBS clients, which gives them a leg up on other job candidates.

The JOBS program, which is not directly tied to Glaxo's scholarship program, has a waiting list of 50 Social Services clients. Murphy said all of the people on the waiting list have expressed interest in Glaxo's program.

"It's one thing to go and get an associate degree," she said, "but this is something they can

aim for."

The \$200 stipend Glaxo provides the scholarship students adds an incentive for the students to continue their education and get off welfare.

Mei Asbury, manager of diversity programs for Glaxo, said the program costs about \$20,000 a year. But he said the money spent is not wholly philan-

thropic.

"We do have a business interest in this," he said. "It gives us a good flow of people who are meeting our needs in terms of staffing."

Thomas J. White, vice president of economic development

for the chamber, said similar agencies across North Carolina have visited Durham to study the program and plan to replicate it in their cities. The program allows corporate citizens to offer a helping hand directly to their communities, he said,

moving people off the welfare rolls and onto the tax rolls.

Although only in her first year of classes, Pettiford said the scholarship program already has helped her.

"This will help me get on the right track," she said.

# North Carolina

The Voice of Business, Industry and the Professions Since 1943

## Durham Chamber Helps Open Welfare System's Exit Door

**M**OST business people complain that welfare recipients should get off the dole and get a job. That sounds fine to many of the jobless poor, who often endure endless government red tape only to be offered a dead-end job flipping burgers. Isn't there some way for them to connect directly with the people who do have the better jobs, the kind with benefits and a chance for advancement?

That's exactly what Durham's business leaders thought in launching an unusual initiative that harnesses the personnel and money from government social services programs and puts it to work inside the organization with the best access to jobs — the chamber of commerce.

Under an innovative partnership, Durham's chamber and the social services office have been working together with Durham Tech to match job opportunities with individuals enrolled and trained

BY REGINA OLIVER

through Durham's JOBS program. The acronym stands for the federal Job Opportunities and Basic Skills program; everyone in it is a participant in Aid to Families with Dependent Children, the nation's basic welfare program.

Durham's social services agency is so sold on the idea that it is allowing one of its jobs counselors to work out of the chamber's offices. "People say, 'Why are we doing that?' It's because the chamber has access to those jobs," says Tom White, the chamber's vice president of economic development. "They've got 35 people on their board who have the jobs, and if they buy into it, it works."

More than a dozen companies so far have bought into it, accounting for close to 50 being placed in full-time jobs in less

than two years. And the employers include some of Durham's biggest and brightest. Glaxo, for example, has hired two full-time employees who are former AFDC recipients, and it has signed up for two more people in the AFDC program who are now at Durham Tech. "They've started training and hopefully within a year they will be Glaxo employees," White says. The chamber's role, he adds, is mainly one of helping play matchmaker. "The key here is that Durham Tech does such a superb job training these individuals to meet Glaxo's standards."

Other organizations that have bought into the program include Duke University, Durham Regional Hospital, Durham Cablevision and, most recently, Becton Dickinson. Some jobs, most of which are clerical, pay up to \$19,000 a year, which is quite a contrast with some areas of the country, where JOBS positions tend to be filled through the lowest levels of the service sector. Not only do those jobs pay too little for a working parent to support a family, the people in those jobs tend to be recycled back into the welfare stream after a few months behind the fast-food window.

The program may be unusual for a chamber, but White says that "it fits into economic development. They're part of our community, and they have every right to benefit from what we do in terms of job creation and tax base expansion as anyone else."

Carol Hunt, director of the JOBS program in Durham, says: "We've always had programs like this, but they emphasized direct placement rather than education and preparation for employment. (This is different because it aims) to get good jobs that will give them enough income to take care of their families and to buy homes and cars and send their children to college. That's what breaks the cycle of poverty. Before, I think programs were aimed at satisfying the public by making people work; it did not necessarily break the cycle of poverty."

Glaxo is a leading corporate player in Durham's effort. Front row, from left, are Nancy Bright of Glaxo and April Murphy and Letitia Perry, both of whom are JOBS participants. Back row, from left, are Amy Crisp with the chamber, Steve Sons of Glaxo and Charlene Daye of Durham Tech.



Part of the reason the chamber-social services partnership works, White says, is because "the community college has tremendous credibility. They train for Glaxo; they had a secretarial science program, Glaxo has openings, and they say we have some specific needs in the curriculum like medical terminology. We get details about requirements for admission, go back to the JOBS office and say we've got an opportunity here for a job that pays 16 or 17 grand, but here's what we need.

"In point of fact, there are probably hundreds of very good people in the JOBS program who today do not have the skills for them to compete for those slots. Glaxo does it for a couple of reasons: One, they're a great corporate citizen; two, they've got a great custom-designed program; and three, Amy's found them some good people."

Amy is Amy Crisp, the job developer in the Durham JOBS program, who includes in her pitch to employers that they can take advantage of incentives where 50 percent of the training costs are reimbursed. There are other tax incentives as well, and the program offers education, day-care assistance and help with transportation. "The only thing we're asking is to give our clients a chance," she says. "We don't send people out without skills related to that company."

There also is a precedent in Durham for the chamber taking an active role in what typically is a social services program. For years, Durham has handled its Job Training Partnership Act program out of the chamber. That employment training program, initiated in 1982, comes under the U.S. Labor Department while the JOBS program, passed by Congress in 1988, is administered by Health and Human Services. Both programs have similar goals — obtaining training and jobs for people who are disadvantaged and on public assistance. The two coordinators in Durham often work together — out of the chamber's offices while on federal program payrolls — although there's no federal policy directive to do that.

"The problem with most welfare reform initiatives," says White, "is that you need someone on staff who feels comfortable going out to Glaxo and Reichhold and getting job orders. If you work here, you develop that comfort level. . . . It's the same program, the same people, but having the chamber involved lends it a certain level of legitimacy that isn't really equitable, but it works. If you're a pragmatist

and you just want your clients to work and be happier — that's the best thing."

White is quick to point out that Durham has not found the means to turn everyone on welfare in the county into wage earners. There are about 10,000 people representing 4,000 families receiving public assistance in Durham; currently there are about 300 people in the pipeline in the JOBS program, most of whom are in training. But there are about 1,400 people registered to participate, and there aren't enough funds to hire the staff to work with them all.

"It's no panacea," he says. "It's unfair to present it as, 'Oh, what a great program, it's taking all the welfare recipients in Durham and getting them jobs.' It's not true. But for the ones who are doing that, the retention rate is extremely high and the satisfaction rate on our reporting is very good. So given the limitations funding-wise, I think it's a good model."

Other communities seem to think so. Winston-Salem officials have been talking to their counterparts in Durham for several months and in January plan to initiate a similar program. At a recent state employment training conference in Research Triangle Park, about 50 people who help administer JOBS programs across the state attended a workshop where the Durham partnership was detailed. Durham officials are being asked to speak to other localities, White says, "so hopefully we've got something here that will pique people's interest and we'll have a network form."

He adds that there "is a misconception sometimes in the business community that people on welfare don't want to work. In point of fact, most people on welfare do want to work, but they lack the educational background or the occupational skills.

"The reason this program fits so nicely in economic development is we're out there trying to get Glaxo to expand and create more jobs," White says. "Well, we've got a segment of our population who for a lot of different reasons hasn't been able to develop the skills to be competitive in that market. So we want those jobs, but we want to make sure that we translate the economic development into all areas of the community. It takes a little extra effort, but we're very well positioned because doing all of our due diligence work, we meet all of the key decision-makers at the company, from the

*continued*

*'It's no panacea. It's unfair to present it as, 'Oh, what a great program, it's taking all the welfare recipients in Durham and getting them jobs.' It's not true. But for the ones who are doing that, the retention rate is extremely high and the satisfaction rate on our reporting is very good. So given the limitations funding-wise, I think it's a good model.'*

*—Tom White,  
vice president,  
Durham chamber*

president down to the personnel director. So we can say, 'By the way, we have someone on our staff that would like to come out and talk to you.'"

And for the community, there's a bottom-line benefit when people who once were consuming tax dollars through public assistance find jobs and start producing tax dollars.

White believes in the program because he has seen the results. "We don't think those two individuals (at Glaxo) would have gotten those jobs if they didn't have a lot of help, and that's what your staff person at the chamber does."

Dan Hudgins, director of social services in Durham, believes in it, too. The chamber can "open doors to businesses in a way welfare can't. Because of the chamber, business has become more involved, not only in hiring but in training welfare recipients."

Nanette Forte, who works on finding positions through the Job Training Partnership Act program out of the chamber, adds, "We get to know the people, and we're pretty confident when we send them out that they're going to stay on the job

***The chamber can 'open doors to business in a way welfare can't. Because of the chamber, business has become more involved, not only in hiring but in training welfare recipients.'***

**—Dan Hudgins,  
social services director**

and do a good job."

Crisp adds: "I think the program will be the future of people on public assistance. We just need more corporate participation." Hunt, Crisp's boss, agrees. Her office is "not aiming for starter jobs, first jobs, such as fast-food entry jobs, which are largely part time with few or no benefits."

"They'll be on public assistance for the rest of their lives with those type of jobs," Crisp adds. "There're no incentives there to get out of welfare system."

Hunt notes: "We're already seeing some

good results. Through the contract we have with the chamber, we've seen some people get jobs that we consider to be good jobs — \$18,000, \$19,000 to us is a good job as opposed to \$7,000 and \$8,000, what our people usually make when they go out and get jobs.

"And these folks we're working with, we don't expect to see them back on public assistance. That's what's exciting to us is that hopefully we're breaking that cycle and they will not be back."

But this type of program takes time to work, she cautions. "Probably half the people on public assistance don't have a high school diploma, so in order to get them marketable we first have to get a diploma, get some kind of skill training or education so that process can take a long time. Basically what we want to do is help them get a foot in the door and let employers see how they work," Hunt says. "And if they're impressed with them, as most of them have been, then they will hire them. Most employers don't care too much about the (training subsidies and tax incentives); if they can get a good worker, that's what counts." **NC**

## Mark Your Calendar

### DECEMBER

**2: ISO 9000: The Standard for International Trade**, a conference presented by the Research Triangle World Trade Center offering comprehensive information for companies interested in learning about standards and benefits of the certification process for international trade. Expert speakers in a number of areas related to ISO 9000 will address issues, including Charles M. Ludolph, director of the Office of European Community Affairs in the U.S. Department of Commerce; and Gregory H. Watson, vice president for quality at Xerox. Conference is co-sponsored by IBM and Northern Telecom in cooperation with the U.S. Department of Commerce and the International Trade Division of the N.C. Department of Commerce. 7:45 a.m.-4:45 p.m., Crabtree Marriott, Raleigh. Registration fee after Nov. 23 is \$125. (919) 549-7467 or 544-8969.

**2-3: Management Skills for the Technical Professional**, a workshop sponsored by NCSU in supplementing technical skills with "people skills" needed to be an effective manager. 9 a.m.-4 p.m., Ramada Inn-Blue Ridge, Raleigh; \$199. (919) 515-3002.

**3: Trade show** sponsored by the Association Executives of North Carolina, Raleigh Civic & Convention Center. (919) 790-8343.

**3-4: Local Government Budget Officials, winter meeting**, Sheraton Greensboro. (919) 832-2893.

**4-7: Tokyo Furniture Fair**, trade fair for furniture and accessories coordinated through International Trade Division of N.C. Department of Commerce. Upcoming trade fairs include a furniture trade fair Feb. 18-21 and a general products trade fair March 9-11, both in Guadalajara, Mexico; a health-care show in Tokyo March 10-13; and two general products catalog shows in April, one for Eastern Europe involving Austria and Hungary and one for South America covering Brazil, Argentina, Chile and Bolivia. (919) 733-7193.

**7-8: Preventive Maintenance**, an industrial engineering course sponsored by NCSU in predicting and preventing equipment breakdowns. 8:30 a.m.-4:30 p.m., Howard Johnson, Statesville; \$209. (919) 515-3002.

**8: Andrew Young**, former Atlanta mayor, congressman and U.S. ambassador to the United Nations, will be the featured speaker at the Greensboro Area Chamber of Commerce 115th annual

meeting at the Koury Convention Center. Young is co-chairman of the Atlanta Committee for the Olympic Games. (919) 275-8675.

**9: Eighth Biennial Legislative Conference**, offering a "sneak preview" of the upcoming General Assembly session. Newly elected leaders and other expert observers will address issues targeted as key to business in 1993-94. Sponsored by NCCBI; 8:30 a.m.-2:30 p.m., Mission Valley Inn, Raleigh; \$65 registration fee. Also, on Dec. 8, NCCBI's Environmental Concerns Committee will host a reception for legislators and others attending the conference, 6-7:30 p.m., Mission Valley Inn. (919) 828-0758.

**9-10: Introduction to AutoCAD**, sponsored by NCSU. 8:30 a.m.-4:30 p.m., McKimmon Center Raleigh; \$309. (919) 515-3002.

**9-22: Christmas tours** at Tryon Palace, New Bern. Candlelight tours Dec. 10-12 and 17-19. (919) 638-1560.

**10-11: Legislative Goals Conference**, N.C. Association of County Commissioners. Four Seasons Convention Center, Greensboro. Also, the N.C. Association of County Commissioners has a scheduled board meeting, Greensboro. (919) 832-2893.

WR JOBS

**POST-TRANSITIONAL WORK PROGRAM:  
Job Placement, Public Work, and Volunteer Work.**

Everyone who has successfully completed training (or other activities in the two year program) will be assured a job offer in either the public sector or the private sector. Anyone who turns down such a job offer will be terminated from the program, but can receive other forms of assistance such as food stamps, housing, or general assistance.

Thus, the post-transition program must focus on activities which lead to real employment in the private or public sector rather than public "workfare" jobs. Real jobs (public or private) offer a real work experience, a greater likelihood of further employment, and a lower cost per job placement compared to public-work jobs. Placing JOBS graduates immediately into real jobs in the private or public sector will be the highest priority in the post-transitional work program. Funds should be spent on job development, on job search assistance, and on hiring incentives first. Only when these avenues reach a point of diminishing returns should funds be spent on creating artificial, public-work jobs or supporting volunteer work.

This memo covers (i) federal funding, (ii) governance structure and (iii) Job Placement Fund activities.

I. Federal funding.

- **The work program will include a capped Job Placement Fund and an uncapped support for self-initiated volunteer work.** These two program elements are described below.
- **The total amount of funding for the Job Placement Fund will be capped nationally and allocated to states on a formula basis** (as in Wendell's formulation for a fixed number of jobs). For example, the total cap for state and federal funding together could be set at about \$3 billion annual funding in order to cover a minimum of 500,000 minimum wage, half-time jobs. Applications for additional funds would be considered if unemployment significantly increases beyond the formula allocation forecasts.
- **Each community would receive its own flexible Job Placement Fund.** The number of job offers extended to JOBS graduates in each community is not fixed since communities can use the funds in flexible ways to maximize the number of jobs identified. Communities could use the funds to enhance job search, to develop jobs, to provide job placement incentives, to temporarily subsidize wages or benefits, to support micro-enterprise through grants or loans, or to administer public-work job slots. The higher costs of serving those who are more difficult to place should be offset by the lower costs of those who are easier to place. More detail on program governance and the job placement fund activities is provided in the following sections.
- **Eligibility.** Only successful JOBS graduates are eligible for the work program.

good

Furthermore, if an individual has been offered and refused to take any reasonable full-time or part-time job in the public or private sector, federal match funds will not be available to create or subsidize a job. If a person takes a part-time job, states have the option to use federal funds to subsidize additional employment up to the full-time level.

- **States would be expected to find at least as many jobs with the fund as could be created by using it all for Public Work Jobs.** For example, if a state was provided with \$6 million and the cost of a public sector job slot (with overhead and child care) was capped at \$6,000, the state would be expected to find at least 100,000 jobs for JOBS graduates. Sanctions for using the Job Placement Fund without extending a sufficient number of jobs are outlined below in the section on governance.

✓ / - **The waiting list and self-initiated volunteer work.** If more jobs are required for JOBS graduates than the Job Placement Fund can offer, individuals can sign up for a waiting list in order to receive support. States must provide a combination of job search and self-initiated volunteer work for those who are on the waiting list. The total hours of participation must total at least 20 hours in order to earn an income. The match rate should differ for supporting work or waiting such that states have an incentive to find jobs or create jobs. States have an option to place a time-limit on the length of time individuals can stay in the community service/waiting list program. States would be encouraged to offer some form of social service intervention or supervised living arrangement as an alternative to the work program for those who were unable to obtain any job offers after a reasonable period of time (one year, two years?).

good / - **After the job subsidy or job experience ends.** An individual who successfully completes a public-work job may return to the waiting list and must take any job as soon as it becomes available. As stated above, anyone who has refused a job offer is not eligible for the work program. Those who are terminated for cause from subsidized real jobs are also ineligible to return to the work program. Those who perform well in their jobs and stay on after the subsidy ends will lose the child-care portion of the subsidy, but will gain the use of the EITC and the child-care tax deduction. In addition, various public programs such as CCDBG and other funds will be available. States may allow those who lose their jobs through no fault of their own, to return to the work program one or two times.

## II. Governance of the work program.

States should have flexibility to set up a governance system which meets the objectives: placing JOBS graduates in real jobs and maximizing the number of job opportunities per dollar. Governance options include:

Option 1: The Job Placement Fund and/or the waiting list program could be run from any government office except the welfare office. Administering the work program from the welfare office is still welfare.

Option 2: The administration of the Job Placement Fund and/or the waiting list program would be put out to bid to private or quasi-public organizations.

In all cases, states must utilize an advisory council with balanced representation from government and the private sector to monitor the effectiveness of the work program. Such an advisory council could be the local Private Industry Council, a new council of volunteers, an empowerment zone council, or any other council which provides balanced public/private representation. Such a council would have the authority to decide when to instigate a change of program administration. Advisory council members would not be remunerated from the work program funding. Administrative costs would be covered as part of the overhead for the work program.

Advisory councils and work program administrators are encouraged to create a consortium involving the maximum number of employers in the local labor market in order to provide additional feedback and to build support and acceptance of the Job Placement Fund for family independence.

**Sanctions for poor performance.** States would be expected to offer at least as many jobs with the fund as could be created by using it all for public work jobs. For example, if a state was provided with \$60 million and the cost of a public work job (with overhead and child care) was capped at \$6,000, the state would be expected to offer at least 10,000 jobs. Any time a Job Placement Fund underperforms in its ability to offer jobs, a federal investigation of the fund administration should be triggered. Particularly in the case of repeated or flagrant failures, HHS can authorize a change of fund administration, a federally monitored contracting process, or a reduction in flexible authority.

## III. Job Placement Fund activities.

- **As stated above, each community would receive a flexible Job Placement Fund.** The number of job opportunities generated by the fund is not fixed since communities can use the funds in flexible ways to maximize the number of jobs. Communities could use the funds to enhance job search, to develop jobs, to provide job placement incentives, to temporarily subsidize wages or benefits, to support micro-enterprise through grants or loans, or to administer public-work job slots.

- **Eligible organizations.** The Job Placement Fund program *is required to allow other organizations to provide jobs and placements* if they can do so at less than the government cost of creating public-work jobs. If there are more organizations which want to participate than JOBS graduates, the individual should be able to choose which employer, placement organization, or program to use. All local and national organizations would be eligible: non-profit organizations; private, for-profit businesses; temporary help agencies; outplacement companies; subcontractors; and public agencies. [There is no requirement that jobs be non-displacing since only temporary subsidies or hiring incentives will be provided] Preference will be given to job placements for a job which will continue after the subsidy ends if the individual performs well in the job. Permanent or temporary jobs involving training or experience which builds earning potential will also be preferred. Localities are strongly encouraged to organize the activities so that welfare recipients can choose between several employers.  
*?*  
*Jobs*
  
- **Negotiated subsidies of wages or benefits for employers should not permit "creaming."** Organizations may not negotiate subsidies on a case by case basis or subjectively screen subsidized applicants. Employers could negotiate various subsidy levels depending on certain objective requirements such as a high school degree, a typing speed, a drug test or a literacy test. Localities may opt to stipulate in subsidy agreements that employers will have a choice between 3 to 5 applicants. Any subsidy arrangements available to one organization must be available to all organizations.  
*Good*
  
- **Payments not involving a job placement should be kept to a minimum.** For example, using pay-for-placement arrangements would be preferable to paying a private contractor for job search supervision or job search assistance. Using funding for public-work jobs or temporary jobs when subsidized job placements are available should be considered fraud or abuse of funds.
  
- **When job placement activity reaches full capacity, remaining funds can be used to create and administer public-work jobs or to support job search assistance.** These jobs should fill unmet needs in the community, provide training, or foster economic development. Participants must be ready to move into a job placement or a job placement activity when space becomes available.

# Back to Work

By Sol Stern

With the Labor Day holiday over, and summer unofficially at a close, most Americans return to their jobs today. But what of long-term welfare recipients? How, exactly, can government prod these people, almost all of whom are women with children, back into the labor market?

Back in the 1992 campaign, Bill Clinton promised to "end the welfare system as we know it." And now his administration must wrestle with the high expectations created by that pledge. The president's welfare-reform planners might find a few hints to solving the riddle at a small, private-sector employment agency called America Works, located in lower Manhattan.

For the past five years, America Works has placed thousands of welfare clients in New York and Connecticut, with an average of between five and six years on the rolls, in private-sector jobs with an average starting salary of \$15,000 plus benefits. Employers have been overwhelmingly satisfied. America Works has a long list of companies that keep coming back, asking for more referrals from the welfare rolls.

America Works has staked its survival as a profitable business on the proposition that welfare clients, properly motivated and helped with a limited amount of technical assistance, can be successful at getting and holding jobs.

Consider the case of 35-year-old Lenore Green. Other than having two short-term jobs, she had been on public assistance all her adult life. Ms. Green had a disappointing experience with New York City's Human Resources Administration. "They basically give you the Yellow Pages and tell you to start calling to find a job," she says.

## Worth the Trip

When Ms. Green heard about America Works, she asked her caseworker to refer her to the firm, even though its offices are in lower Manhattan and she lives in the Bronx. When she made the trip, she found a businesslike facility, in contrast with the grim welfare offices she was used to visiting. A polite receptionist directed clients and visitors to the business lab, the pre-employment classroom, a small meeting room and staff offices. America Works was humming with activity, and no one was waiting in line.

Ms. Green signed up, and after a week of pre-employment screening and "job readiness" training, she landed a two-week data-entry job. Immediately thereafter she was sent on two interviews, each of which led to a job offer. She currently works in the claims department of Amalgamated Life Insurance Co.

America Works functions as a kind of "old girls' network." (Most of its clients are women.) Staff members build relationships with employers and provide the connections to the job market that women on welfare usually lack. "After screening to make sure there's a fit with what the employer is looking for, they go out and represent you to the employer," Ms. Green

says. "They help you get that interview."

America Works makes its money by contracting with state welfare agencies to place clients in jobs. The contract is performance-based: The company is paid (about \$4,000 a client in Connecticut and \$5,300 in New York) only after the client has completed a four-month probationary period with an employer. The state comes out ahead as well. For its fee of \$5,300, America Works estimates that it saves taxpayers \$22,000 a year, the cost of keeping a mother and two children on the welfare rolls in New York.

America Works is the brainchild of a husband-and-wife team, Peter Cove and Lee Bowes. Mr. Cove is a community ac-

*America Works, a profitable employment agency, is based on the proposition that welfare clients, properly motivated and helped, can be successful at getting and holding jobs.*

tivist, a veteran of the 1960s War on Poverty and various nonprofit employment training projects; Ms. Bowes is a sociologist. They launched America Works in the mid-1980s with \$1 million in start-up capital and the belief, based on their own experiences in the job-training field, that the primary obstacles preventing welfare clients from finding and retaining jobs are a lack of connections and gaps in interpersonal skills. Extended education and training programs are unnecessary, time-consuming diversions, Mr. Cove and Ms. Bowes argue. Further, they contend, clients with shaky self-confidence are best served by an early success in getting a job, not by long periods of preparation.

America Works' week-long training sessions are narrowly focused on the skills needed to land an entry-level job. A counselor works with clients on such basics as maintaining a businesslike personal appearance, speaking properly, preparing a resume, showing up on time and arranging child care. Attendance is strictly enforced: If a client is late to class, even by five minutes, she is dropped from the program, though she may enroll again at a later date. After completing the class, clients spend half their day in the company's business lab, working on typing, word processing, and other office skills while they wait for job interviews. During the remainder of their day, they can seek employment on their own.

Paula Phillips, an energetic former schoolteacher who leads the training sessions, stresses that clients' success depends on their own motivation and effort. "There are no guarantees," she tells her class of 46 women. "If you want something to happen, you've got to make it happen."

Nevertheless, she continues, "If we don't find people a job, we can't stay in business. We want to find jobs for as many people as possible."

The company's entrepreneurial ethos is catching. We spoke with numerous women and men in America Works classes who defied the stereotypes of long-term welfare clients steeped in a permanent culture of dependency. After waiting several months to be admitted to the program, they understood that they had to compete for jobs, were working very hard at improving their skills in the business lab, and were confident that they would succeed.

Employers are impressed with the workers' enthusiasm. "Their candidates really want to work," says the personnel director of a catalog company who, since 1989, has relied exclusively on America Works for filling entry-level positions. "They have people who have been out of work and so they're willing to stay with a job for quite some time," says the manager of a law office. "They're willing to stay longer than other people who haven't been on public assistance. We're willing to take a chance on them; we get a dedicated and loyal employee. It's a win-win situation."

During the four-month probationary period, the employer pays an agreed-upon wage to America Works, which pays the employee minimum wage. (Employees' welfare grants are gradually reduced during their transition to permanent work.) The trial period allows the employer to evaluate the new employee's work habits and adaptability to the company culture.

## Confounding Pessimism

At the same time, America Works offers the employee services to ease the transition from dependency to the job market. America Works job counselors visit the worker on the job every week and meet with the employee's supervisor every other week to "troubleshoot." If there are problems with punctuality or attendance, or if the client needs help with child care or housing, the counselor will intervene.

After the probationary period, the employee is paid a standard wage. The support America Works provides during the transition period is clearly effective; an estimated 85% to 90% of its clients are still in their jobs at the end of the first year.

America Works confounds the shared pessimism of both liberals and conservatives about the possibility of getting welfare recipients into jobs quickly. It points beyond the familiar "won't work" vs. "can't work" argument, toward pragmatic, intermediate solutions. There are thousands of welfare recipients who deserve a better chance than the one the welfare bureaucracy now affords.

*Mr. Stern is a policy adviser to New York's City Council president, Jan Roschberg, professor of sociology at Long Island University, collaborated on this article, which is adapted from the summer issue of the Manhattan Institute's City Journal.*



WR-JOBS

U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT  
THE SECRETARY  
WASHINGTON, D.C. 20410

TO: President Bill Clinton  
FROM: Secretary Henry G. Cisneros  
DATE: November 24, 1993

Mr. President, I have two subjects to draw to your attention:

1. Our nation's cities and communities are in deeper trouble than I imagined when you nominated me to be Secretary of HUD a little less than a year ago. The crime that is so widely reported is but one manifestation of our nation's pain. I join all who have applauded the speech you delivered in Memphis last week, at once heartfelt and Presidential. I also know that while you are correct that there is much that we as Americans must do in the realm of civic engagement and moral renewal, that our people need help from their government. There will come a moment when people will say: "Yes, Mr. President, we hear you, but we need your help. We need you to do something". Already the critics say we have no beef behind our good intentions on matters of urban investment and race.

Mr. President, those critics are wrong. You have in place the threads of programs which can be woven together into a coherent fabric of urban policy. They require careful interweaving to make a whole, but what you have already put in place makes a formidable list:

Earned Income Tax Credit--will lift 20 million of the working poor out of poverty.

Permanent Extension of Mortgage Revenue Bonds--will support affordable homeownership for 130,000 first-time homebuyers per year.

Permanent Extension of Low Income Housing Tax Credits--will generate financing for 135,000 new units of affordable housing per year.

Full funding of Head Start--will expand education opportunities for 1.4 million low-income children.

Expanded Childhood Immunization--will double the rate of immunization, for 3.6 million at-risk children per year.

National Service--will create 100,000 new community service workers in the next 3 three years.

Empowerment Zones and Enterprise Communities--will provide economic empowerment for 6 million people in 104 low-income communities and create 140,000 jobs per year. / ??

Strengthening the Community Reinvestment Act--will increase community lending by up to \$5 billion per year.

Anti-Crime Legislation--will put 100,000 more police on community streets.

Equally important are your initiatives in process:

Community Development Banks--will generate \$2 billion in community investment and create up to 80,000 new jobs.

Welfare Reform--will move half a million adults from welfare to work.

Health Care Reform--will provide basic coverage for 37 million uninsured people.

Worker Training--will assist or retrain 1.6 million workers per year.

I believe the time has come to pull these efforts together and explain how they support each other and work together. Through a series of Presidential actions you could articulate the themes that tie these programs together into a meaningful whole. Such an effort would answer the critique that we have no urban commitment and are unwilling to speak to the program needs of the urban poor beyond focusing on self-help ideas. I believe you can do this - stressing those programs that broadly touch all Americans (i.e., health care) - in a way that does not alienate suburban voters. I do believe it is important that you speak to your urban base and describe what you are doing for poor and working people. After the President has spoken it will also allow those of us in the departments to appropriately present the Administration's urban strategy when we are called upon to do so. You are already doing a lot; it is time to pull it all together. People know you were right in Memphis, just not finished.

2. My second point relates to themes that strike a rhetorical middle ground between your Memphis points and old-style urban advocacy. You see, I don't believe you will be able to speak for much longer about what people must do for themselves concerning family disintegration and couch the issues in the rubric of concerns about crime. Nor can you revert to the sixties language of big scale urban strategies; there isn't enough money, no one believes they would work, and the congressional will is non-existent. But I believe you will have to find a way to speak of urban problems because they are so

acute.

We at HUD have been working on two themes which give coherence to our work and which may be useful to you:

A. The first is our answer to Jack Kemp's much touted resident ownership program. We will arm you with a homeownership record that will dwarf what Kemp could have done with his approach. We are calling it "Project Transitions". The idea is that we can help people step up a ladder of assistance and climb toward self-sufficiency. It implies policies which are dynamic, providing movement upward to something better, instead of static services. This is easy enough to visualize, but hard to carry out because so much is actually related to "reinventing government". It is making diverse government agencies and functions come together so that we help people climb from one step to the next, reinterpreting government's role so that we see our responsibilities as preparing people for a next stage.

At HUD, Project Transitions will take many forms. It will mean helping residents in public housing move from welfare dependence to gainful employment. In many cases, we have the jobs -- generated by public housing rehabilitation, lead-based paint abatement and other federally-funded activities. In fact, we are required by law to use federal housing assistance to create jobs for low-income residents. What we need is training, education, child care services, union involvement; supports that other agencies -- DOL, HHS, DOR -- can and should provide.

Project Transitions will also mean helping working families -- in public housing and elsewhere -- move from renter status to homeownership. In many areas, we have single family homes available for sale -- from FHA's inventory of defaulted homes. What all working families need is homeownership counseling -- to prepare them for the burdens of owning. We're seeking a tripling of funding for our counseling programs. In some cases, they may need mortgage subsidies. That's why we're experimenting with using rental vouchers for homeownership; many low-income families already receive federal support for rent -- why not take the logical next step and use it for mortgage payments.

We believe this will be our answer to the previous Administration's version of ownership, which was to sell large public housing developments to the tenants. That idea was flawed in that it did not address massive deferred maintenance and was not accurate about the amount of subsidy needed for residents without jobs. We expect we can transition tens of thousands more families to stable homeownership than ever imagined. This has never been done using public housing as the base. It can be a major success as a strategy that you will be able to point to over the next several years.

To apply this concept of "transition" more broadly requires the spirit of reinvention. It requires a driving force such as I believe the Community Enterprise Board will be with the Vice President as the chair. As I have worked on HUD's version of Project Transition, I have found that it has immediate appeal among such diverse experts as the staffs of Senate committees, national housing providers, and mayors. I submit it to you as one of those themes that can help you pull your human programs together, can give context to your "reinventing" efforts, and can infuse an upward momentum into your community-building message.

B. Another theme has helped us bridge the perennial dilemma at HUD as to whether we should concentrate our efforts on revitalizing poor neighborhoods or providing mobility for people to get out. It is a classic argument that pervades every discussion about urban policy. Our answer is that we must assist every American to achieve real choices about where they wish to live. People should be able to choose. If they wish to live in a central city area, that should be a choice; but living amidst drug dealing, violence and deterioration is no way to live: it is no choice. On the other hand, if people can afford to live in suburban settings, but are prevented by discriminatory housing practices or unfair mortgage lending then they have no choice. The operative conclusion for HUD, then, is that we must work on parallel tracks - central city neighborhood revitalization and mobility and fair housing. Our job is to help people achieve maximum choice.

You may find the idea of "choice" a useful rhetorical construct for a whole series of policies that have diminishing acceptance with the general public: civil rights, fair housing, equal employment opportunity, and urban policies. To the general public the idea of choice suggests we are willing to level the playing field, but it is still up to individuals to choose what they want to make of opportunities. To many minorities, achieving a position in society where real choices are possible is a far cry from today's experience. Choice implies fairness, it implies treatment as equals, it implies a world of mature judgements where individuals can chart their destinies, it implies our system works for everyone. It allows you to work on essential policies, though they may have lessened appeal to the general public, by stating them in the basic language of giving Americans a fair choice.

# CLINTON NURTURES HIGH HOPES . . .

**B**efore a roomful of black educators who'd gathered to watch him sign an executive order on Nov. 1 to benefit historically black colleges, President Clinton came to the end of his prepared remarks, took a deep breath and started to describe "a very disturbing article" he'd read that morning in *The Washington Post*. It was about the impact of crime on children in an especially grim neighborhood of the nation's capital. Most moving to Clinton was the description of an 11-year-old girl who was planning her own funeral.

He hasn't stopped talking about her since—on NBC News's *Meet the Press*, at a White House news conference, at the Memphis church where the Rev. Martin Luther King Jr. had foreshadowed his own death the night before he was killed. And he shows no signs of stopping. Clinton, as well as his wife, a White House official said, has sent word to the staff that crime "is an issue [that he plans to] spend a lot of time on in the near future," at a succession of public events in the wake of the tumult over the North American Free Trade Agreement.

But it's clear that Clinton has more in mind than crime. His trail of talk about crime, a senior aide said, is "a sort of a cultural attack on the kind of violence and dissolution of society that comes in advance of trying to fix" the underlying problems of poverty. By using crime as the springboard for an effort to reverse the social decay, Clinton might avoid some of the political pain that Democrats have suffered in earlier, sporadic attempts. At his Nov. 10 news conference, he seized on an innocuous question about his plans to combat crime to deliver a heartfelt plea about the larger problems.

"We have to rebuild families and communities in this country," he said. "We've got to take more responsibility for these little kids before they grow up and start shooting each other. I know the budget is tight, . . . but I'm telling you, we have to deal with family, community [and] education" and to find jobs for members of society's underclass to bring structure to their lives.

"We have to make our people whole again," he declared four days later in Memphis.

Not only in his rhetoric but also in the array of policy initiatives that his Administration has in mind, Clinton has shown signs of the ambitiousness about righting

social wrongs that President Johnson showed. "In the next 40 years, we must rebuild the entire urban United States," Johnson said in unveiling the Great Society in a 1964 commencement address at the University of Michigan.

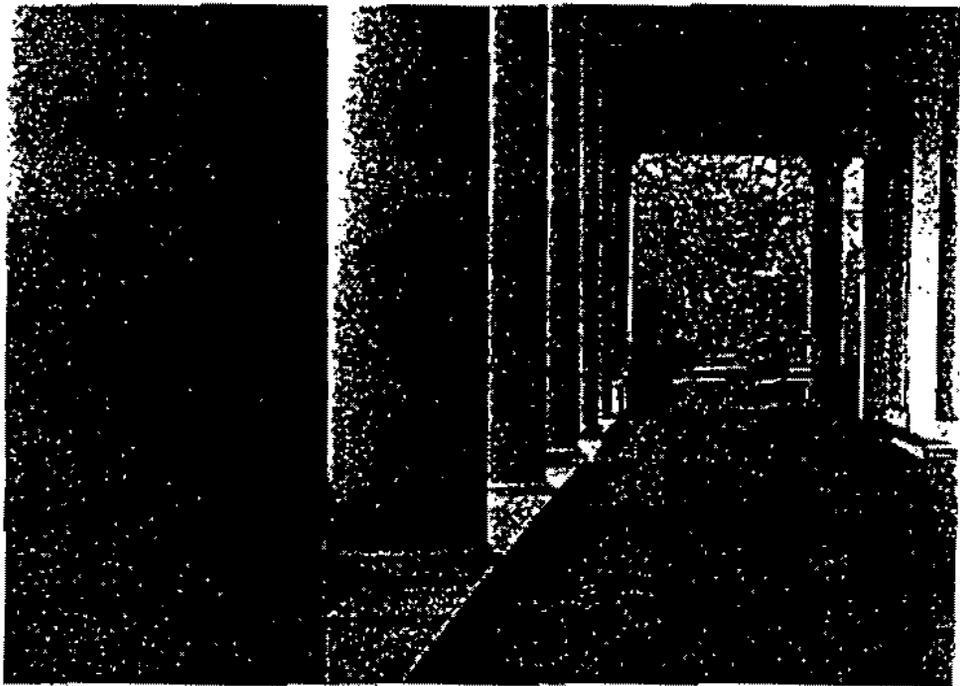
Clinton and his advisers seem to be thinking on a similar scale. "The Achilles' heel of the American future," Housing and Urban Development (HUD) Secretary Henry G. Cisneros warned in an interview, is "an angry, growing, rigid underclass" that, if left to languish, will jeopardize the nation's standard of living beyond the first quarter of the next century. "I don't think it is our ambition to end poverty with federal initiatives," Cisneros said, but "I think the President believes he can make a dramatic dent in poverty, in homelessness, in crime and the other pathologies" by the end of a second term in office if the economy thrives and if Washington works in tandem with state and local governments, businesses, labor unions, churches and other institutions.

Clinton matches Johnson's passion about addressing society's ills, "but he and the people around him don't have the same level of confidence that we know all the answers," William A. Galston, a deputy White House domestic policy adviser, said. So far, they're feeling their way, toward an ideological amalgam of the Left and Right that views the gov-

ernment as something of a catalyst. But if the theology has remained fuzzy, some of the themes are becoming clear. Clinton's advisers profess a disdain for the big bureaucracies that the Great Society used and a preference instead for solutions designed locale by locale. They speak of "leveraging" federal dollars and "empowering" communities to solve their problems themselves.

Their approach is similar to the notion of "empowerment" that a network of conservatives in the Bush Administration pushed as a response to social needs. But there's a big difference. President Bush's domestic activists got quashed in the Administration's inner councils. Clinton's are getting somewhere.

Clinton hasn't packaged his policies into a flashy whole and may have no intention of doing so. But his Administration has been moving on a lot of fronts. Some of his proposals are already in place. The budget bill enacted in August created nine "empowerment zones" and 95 "enterprise communities" to be eligible for \$3.5 billion in federal help; it also expanded the earned-income tax credit, which Galston described as "a giant step toward the abolition of the working poor in this country." At HUD, \$100 million was added to the budget to try new ways for cities to thwart homelessness, \$113 million more to move poor families into



# ... FOR RIGHTING SOCIETY'S WRONGS

better neighborhoods as well as smaller amounts that foundations and labor union pension funds may parlay into \$200 million spent in poor communities.

In September, Clinton set up a Cabinet-level Community Enterprise Board, chaired by Vice President Albert Gore Jr., that's supposed to help communities cut through the thicket of rules and to better fit the federal aid they get to local problems. Gore and his staff spent the fall getting counsel from panels of experts on parts of a "community empowerment" agenda, including creative ways to finance business expansion and to spur communities into plotting action. Within six months, Gore's staff hopes to design an application process that, by itself, will prompt local officials to think of new ways to ease society's troubles. "Of course we don't know how to solve" the sorts of problems that cause children to plan their own funerals, Elaine Ciulla Kamarek, a domestic policy adviser to Gore, acknowledged. But, she added, "you do find . . . a program here, a program there" that has shown successes and can be emulated elsewhere.

Other Administration proposals are inching through Congress. The crime legislation that's moving toward enactment would subsidize the hiring of as many as 100,000 police officers by local communities that craft shrewd plans for using

them. Also running the congressional gantlet is a bill that would create a string of "community development banks" to lend money in neighborhoods that commercially minded banks ignore. Congress is also considering HUD's wish to fiddle with its rules so that public housing tenants who find jobs don't see their rents rise in lockstep with their incomes.

Other proposals are in the wings. Administration officials have been fashioning a welfare reform plan that is likely to become a political centerpiece for Clinton next year. The Departments of Justice and of Health and Human Services (HHS) are spearheading work on what Clinton recently described as "a comprehensive approach to the whole issue of violence in our society." HHS Secretary Donna E. Shalala, at Clinton's behest, set up an advisory committee that is expected to swiftly uncork proposals to extend the Head Start program beyond 4 and 5-year-olds to enroll younger children. In a recent speech, Carol H. Rasco, Clinton's top domestic policy adviser, committed the Administration to set up a high-level interagency group to ponder the problems of children and families.

Combined with Clinton's hope to extend health insurance to all Americans, "you have much more than an anti-crime agenda," Cisneros said. "It does seek to deal with the larger social questions."

How successfully, however, is far from clear. For one thing, Clinton's agenda is bulging already—notably, with health care reform. Can poverty be made a major thrust, too? "You got me," a White House official replied. "The Administration has many major thrusts."

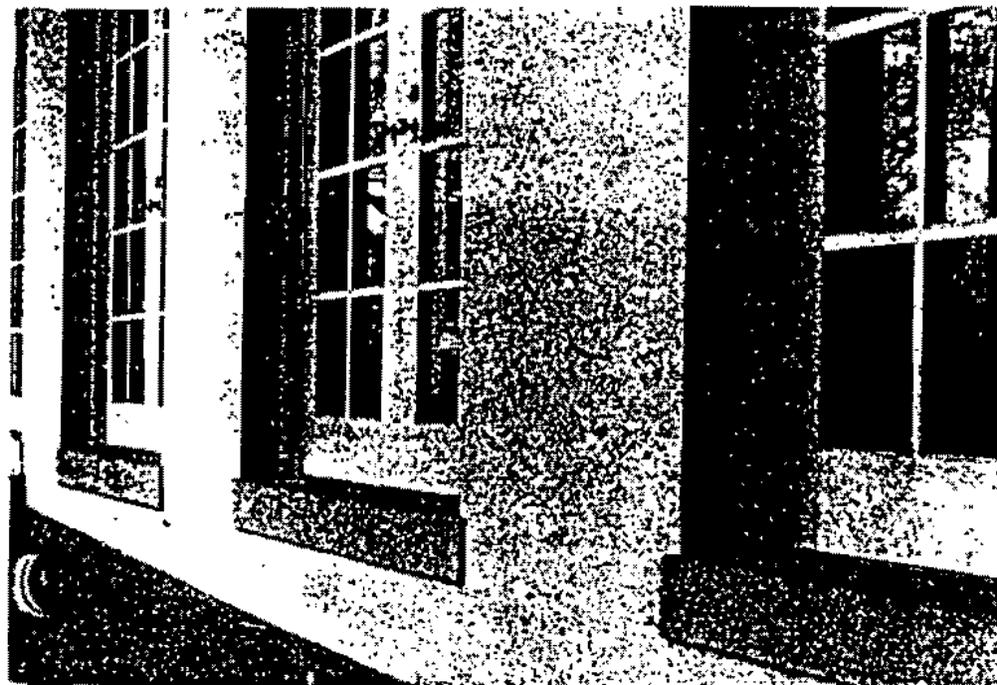
Nor are Administration officials of a single mind about the course they're on. Some at HHS are said to have fought a waiver the Administration recently granted to Wisconsin to try a reform similar to what Clinton wants—to give welfare recipients two years of far-reaching help before cutting them off. The decision aggrieved the Children's Defense Fund, which Hillary Rodham Clinton and Shalala once chaired and whose founder and president is Marian Wright Edelman, the wife of Shalala adviser Peter Edelman. The waiver was granted because "the President just insisted," an Administration confidant said.

A bigger hindrance to Clinton's social policy ambitions is money. "A lot of these social experiments are not going to be cheap," Will Marshall, the president of the Progressive Policy Institute and a champion of empowerment, said. Community policing costs a bundle, he said, and so does welfare reform, at least in the short run. And the steps that are cheap aren't likely to have as much impact. But with health care reform so costly and the federal debt unrelenting, there's "no fucking money, c'mon," a White House aide said. "Not a prayer."

Instead, Clinton's activists are hoping to dip into billions of dollars that Congress appropriated for housing but Bush never spent, squeeze more from outsiders and put the money already at their disposal to smarter use. Clinton also plans to mount the bully pulpit, as federal officials have done to discourage smoking and illegal drug use.

Rhetoric, of course, goes only so far. Clinton could issue daily exhortations against, say, teenage pregnancy and still fail to stanch a trend that sociologists blame for so much else. And he must be careful not to raise expectations for more change than he can deliver. Unmet expectations helped to trigger the urban riots of the 1960s.

But Clinton needn't abolish poverty or crime to make a mark. Just to get the trends of social decay moving in the right direction at last, Galston said—"that's the legacy we want to leave." ■



WR-JOB5



MEMBER

EXECUTIVE OFFICE OF THE PRESIDENT  
COUNCIL OF ECONOMIC ADVISERS  
WASHINGTON, D.C. 20500

November 18, 1993

MEMORANDUM FOR THE HONORABLE DAVID T. ELLWOOD  
ASSISTANT SECRETARY FOR  
PLANNING AND EVALUATION  
DEPARTMENT OF HOUSING AND HUMAN SERVICES

FROM: JOSEPH E. STIGLITZ *JES*  
SUBJECT: Issues in Welfare Reform

This memo states some of the issues that I believe are important in designing options for the Welfare Reform Working Group. Please call me if you want to discuss these ideas further.

In considering the goals of reforming the U.S. welfare system, it is important to realize that there are no silver bullets that will single-handedly make the welfare system more efficient, more effective in transitioning people to work, and more politically acceptable. Rather, the process of welfare reform consists of making several difficult choices about how the welfare system of the future will operate. These choices must take into account the following observations:

- (1) The welfare system should function as a social safety net, but, in the long-term, be less attractive than work.
- (2) Long-term welfare recipients often have low levels of labor market skills and tend to be offered low-wage jobs, with annual pay around the poverty level.
- (3) Given observations (1) and (2), the social safety net of the welfare system must be set at a level below the poverty threshold, for long-term recipients.

Point (3) implies that welfare advocates will be displeased with the level of the safety net devised in accordance with these observations. Note that time limits placed on welfare will serve to make welfare less attractive than work for long-term recipients, since it will be very difficult to remain on welfare past the limited period.

Several principles should be observed in devising a desirable welfare reform plan. These are discussed below.

**Integrate the entire tax and transfer system--**In order to prevent unintended effects on labor supply and family formation decisions, it is necessary to understand the effects of all the separate programs contained in the welfare system and in the tax system. Policy makers should be concerned with very high marginal tax rates (computed by adding the explicit marginal tax rate on earnings plus the implicit marginal tax rate when benefits are reduced as earnings increase). In addition, attention should be focused on the effects that changes in family situation (e.g., marriage, divorce, children entering or leaving the household) have on overall net benefits (including earnings). This understanding should pervade all decision-making in this area, though it need not be incorporated in the statutory language in the final welfare reform proposal.

**Conform welfare packages to individual needs--** A welfare system should make use of observational differences in assessing the needs of potential recipients. This can best be done by constructing a benefit package based on the situation of the individual recipient. The model for this process is the idealized computation of financial aid packages in post-secondary education. For each recipient a needs analysis would be done, and the caseworker would determine the appropriate welfare package for that individual. This package might include cash payments, food stamps, housing subsidies, child care provision, training or education, and medical care. The overall size of the package in dollar terms would be set through some formula (similar to present law) and the case worker would be responsible for designing the best possible package for the recipient within the budget constraint. As part of the process of benefit package design, the caseworker would be expected to consider the effects that various incentives might have on recipient behavior, and to attempt to use the elements of the package to increase the probability that the recipient move from welfare to work. For instance, a caseworker may provide alternative packages to the recipient, one with greater cash benefits and with subsidized housing in a lower-cost area (e.g., outside the central city). The recipient could choose the package that provided the greatest satisfaction, though it is hoped that the caseworker would be sufficiently skilled in package design that socially desirable decisions would be likely.

**Role of the minimum wage--** In general, the minimum wage is an inefficient way to target benefits at low-income people. Recent work by Ron Mincy shows that only about 1/5 of the total benefits from an increase in the minimum wage go to people in the lowest quintile of the income distribution. (In fact the distribution of benefits from a minimum wage increase can almost be characterized as 1/5 going to each quintile of the income distribution, with a slightly smaller percentage (e.g., 16 percent) going to the top quintile). The reason that an increase

in the minimum wage provides benefits throughout the income distribution is that low-wage jobs are held by people throughout the income distribution (with those in the highest quintiles primarily being secondary earners in high income families). Given this finding, the welfare reform program should not put much reliance on minimum wage increases as a means to encourage the transition from welfare to work.

**Role of the Earned Income Tax Credit--**The earned income tax credit (EITC) may well provide labor incentives on the phase-in portion of the credit (e.g., the range \$0-\$8,500 for taxpayers with 2 or more qualifying children). However, it also provides a labor disincentive in the phase-out range (e.g., \$11,000-27,000 for taxpayers with 2 or more qualifying children). Moreover, the structure of the EITC creates sometimes severe disincentives for family formation (the so-called marriage penalty). These are largest when the people involved have nearly equal incomes and where each person has at least one child living with them. Considerable care should be taken in weighing any expansion of the EITC because of potential disincentives for labor supply and family formation. The EITC is almost always received by taxpayers in the form of a lump sum when the tax return is filed. It seems more appropriate for taxpayers to receive the credit ratably throughout the year, in the form of advance payments. Programs to increase the utilization of the advance payment option (including integrating it with electronic benefit transfer schemes) may be fruitful. Finally, there has been some concern with the level of non-compliance with the EITC. Estimates for 1988 suggest that perhaps 1/3 of all claims had some error associated with them. Law changes made in 1990 were intended to address this unacceptable error rate. The IRS has yet to determine if these law changes have been effective. It would be unwise to propose expansion of a program when there is the risk of a high error rate eroding public support.

**Benefits provided to children--** Any welfare reform proposal that will be enacted should focus its attention on the situation of children. This can be done by providing certain benefits only to households with children or by targeting benefits to children. One idea here (which needs a bunch of work) is to provide certain benefits in ways that can only benefit children. For example, one could provide children's clothing vouchers which lower the relative price of children's clothing to a recipient. Cautions here are that such a program needs to be considered in the context of effectively monetizing welfare benefits (which probably makes utilization of welfare benefits more efficient) and that there is a risk of stigma being attached to a program that essentially involves "clothing coupons." (This concern could be mitigated if electronic benefit transfers are utilized.)

**Child support--**As part of the welfare reform plan, there has been much interest in ensuring that custodial parents receive the child support payments to which they are entitled. Where the non-custodial parent has only weak attachment to the labor force or has a very low income, child support payments may be perceived as a punitive burden. In these cases, it may be appropriate for the Federal government to essentially guarantee child support payments, with repayment to be made by the non-custodial parent as circumstances warrant. While this idea needs further development, it might be modelled on a direct lending program for post-secondary education where repayments are based on a fraction of income. Alternatively, if all other repayment options fail (e.g., reducing any Federally provided benefit) then Social Security benefits may be utilized as the ultimate source of repayment. Care would need to be taken to ensure that this benefit reduction were not perceived as too remote from the actions giving rise to the child support liability nor perceived as an excessive burden.

**Enhanced mobility--** A welfare reform program should take into account the social value of having a mobile labor force. In no event should the reformed system discourage labor mobility, and ideally, the system would promote actions intended to match recipients with work opportunities regardless of location. For example, one benefit provided might be moving expenses to a location with ample job opportunities, with income support provided by the State for some limited period of time. If the new location was in another State, it might also be necessary to prevent the recipient from collecting welfare benefits from the new State for some period of time (however, the previous State of residence could provide benefits to ease the transition to work).

**Promoting saving--**A goal of the welfare reform effort should be to enhance the probability that recipients will be able to leave welfare and retain economic independence. Toward that end, it is important for individuals to accumulate some level of assets in order to be meet unexpected expenses or to finance the purchase of consumer durables. It might be desirable for asset limits on welfare recipients to be raised somewhat and for the asset limits related to the various welfare programs to be harmonized so a single asset test applies to all programs. This would decrease compliance and administrative costs. Moreover, it might be desirable for certain types of financial assets to be ignored for purposes of these asset tests. For example, asset limit rules could be changed so that limited balances in certain types of savings accounts would not count against the asset limit (perhaps as much as \$10,000 could be saved in these accounts). These asset accumulations could cushion the effect of economic reversals on individuals and lessen the probability of returning to welfare once these individuals leave the system. It might be possible to design these special asset accounts so that they

provide double benefits. For example, if these special accounts were only issued by eligible community development banks, then the funds saved might be more likely to be recycled into the community from which they came.

**Time equivalent limits--** A time limited welfare program should have sufficient flexibility to accommodate a variety of client histories. In particular, the time limits should be enforced on the basis of, for example, two years of support in any X year period. The idea is to not eliminate or reduce support for those who have spotty work histories and who may move into and between jobs before finding a semi-permanent position. The analogy here is to a welfare benefit account, where the person has a set amount of resources available for each X year period, after which the resources may be replenished.

**Structure of fallback employment program--** In any time-limited welfare program, it is important to have a credible plan to provide jobs to people who exhaust their benefits. In this arena, it makes sense to think of the government as the employer of last resort. However, it should be a priority to place individuals in private sector jobs or in permanent public or non-profit sector jobs, rather than relying on the last resort employer. To provide appropriate incentives to leave welfare early and to limit the desirability of last resort employment, there should be a strict ordering of the desirability of these alternatives.

Least attractive:	Welfare program
	Last resort employer
	Provisional public sector or community jobs
	Permanent public sector or community jobs
Most attractive:	Permanent private sector jobs

The characteristics of each alternative should reflect this ordering.

The provisional jobs program is perhaps the most innovative aspect of this proposal. It envisions that public sector entities and community groups will bid for the services of welfare recipients, with the bids being made in terms of fractions of overall compensation that will be paid for by the bidder. A public sector agency might be willing to pay 50 percent of the \$6 per hour cost of hiring a person to inspect playground equipment. By hiring a welfare recipient from the metropolitan area, the agency could get a person to provide the necessary services, while the welfare agency reduces the cost of providing benefits to that individual. Presumably, by obtaining serious work experience, the individual is more likely to leave

welfare and to remain economically independent. One caveat here is that State and local government unions will vigorously oppose any plan that appears to reduce their influence and replace job opportunities. Another caveat is that these programs must be structured so that they do not resemble involuntary servitude. A final caveat is that any fallback employment program must take into account local labor market conditions in determining the types of employment opportunities that may be offered to the former welfare recipient.

**Other labor market services--** One program that might be replicated to some extent is the America Works program. In this program, there is a strong mentoring aspect, where a welfare recipient is matched with a firm that provides a serious employment opportunity. The worker is monitored relatively closely to prevent rather small and routine but negative experiences at the workplace from mushrooming into insurmountable obstacles, which might otherwise lead to employment interruptions. To the extent that desirable aspects of this program can be incorporated into the standard welfare reform program, this should be done.

**Summary--**To ensure that the welfare program has the greatest chance of meeting its goal of moving people from welfare to work, it is important that several distinct aspects of welfare reform be addressed. These include: integrating the tax and transfer system, ensuring that benefits provided are appropriate for the recipient and that they promote socially desirable allocations of resources, promoting mobility of the labor force and asset accumulation among individuals, ensuring that there is a credible commitment to time-limited welfare (e.g., by providing fallback employment opportunities to those who have exhausted their welfare benefits), and by forsaking interventions in the labor market that have a small probability of successfully moving individuals from welfare to work (e.g., increases in the minimum wage).

cc: LT, AB, TO'D, KO'N, DW

JOHN O. NORQUIST  
MAYOR



WR-JOBS  
OFFICE OF THE MAYOR  
MILWAUKEE, WISCONSIN

→ CALL OFFNER

November 17, 1993

Mr. Bruce Reed  
Executive Office of the President  
White House Offices  
1600 Pennsylvania Avenue, NW  
Washington, D.C. 20500

Dear Bruce,

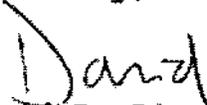
I think I mentioned to you when we last spoke that Mayor Norquist was asked by Paul Offner to describe how, if welfare were eliminated, ex-AFDC recipients and other unemployed low-income adults in Milwaukee could be put to work in community service jobs that the public values until they obtain private-sector employment. A copy of the Mayor's response to Offner is attached.

This is by no means a theoretical exercise--at least in Wisconsin. It looks as if Governor Thompson will sign the legislation, initiated by the Democrats in the Assembly, to repeal AFDC, General Relief, and Food Stamps by January 1, 1999. The legislation calls for replacing the welfare system with a work-based alternative. A part of that alternative will have to be time-limited, minimum wage, community service jobs--such as Mayor Norquist has outlined in his letter to Offner.

Whether or not Governor Thompson approves the Wisconsin legislation to repeal and replace welfare by a date certain, I urge you to consider having President Clinton propose a law--perhaps in his next State of the Union address--that would repeal and replace all federal welfare programs by a date certain. Mayor Norquist would strongly support the President's making such a proposal.

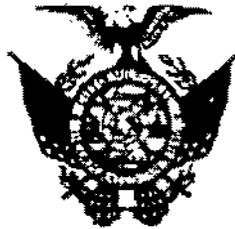
If you have any questions, give me a call.

Sincerely,

  
David R. Riemer  
Chief of Staff

Attachment

JOHN O. NORQUIST  
MAYOR



OFFICE OF THE MAYOR  
MILWAUKEE, WISCONSIN

November 3, 1993

Mr. Paul Offner  
Committee on Finance  
United States Senate  
Washington, D.C. 20510-6200

Dear Paul,

You asked on August 4 how, if the federal government were to implement the policy I advocate of eliminating AFDC and instead helping the poor who can work by connecting them to work, Milwaukee might put former AFDC recipients and other unemployed low-income adults to work in jobs that the public values to the extent they can't be absorbed in the regular economy.

My answer--including several lengthy appendices--is enclosed.

I want to emphasize in this cover letter just a few of the points made at greater length in the enclosed materials.

- It is essential that every person who is employed in a community service job perform work that is useful, visible, and valued by the rest of the public.
- Community service jobs should be designed as short-term bridges to employment in the regular economy--and should always be less attractive than regular jobs.
- Community service jobs should not be created as an entitlement. Rather, enough should be made available to make employment likely.
- It is far from clear how many community service jobs are needed in Milwaukee, or would be needed in other cities. Several factors--the extent to which ex-AFDC recipients and other unemployed low-income adults are able to work; the extent to which they now secretly and "illegally" hold jobs that under a new system they would reveal; the extent to which they can fill current job vacancies in the regular economy; the extent to which the elimination of AFDC would alter the character of the labor force and influence the creation of private sector jobs; and the multiplier effect--will all be factors in deciding whether the number of community service jobs needed in Milwaukee will be 20,000 (my low estimate) or 50,000 (my high estimate) or something in between.

Page 2  
November 3, 1993

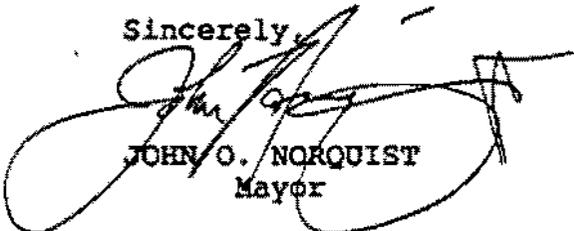
- Because of this uncertainty as to how many community service jobs might be needed in Milwaukee, it is not possible to estimate precisely how much such jobs (and related child care and health care) would cost and what the corresponding savings and other benefits would be. It is my personal belief, however, that a community service jobs program could be designed here under which the costs would be exceeded by the savings (e.g., elimination of AFDC, General Relief, Food Stamps, and other welfare and anti-poverty programs), tangible benefits (e.g., Social Security taxes), and intangible benefits (e.g., value of the work performed, likely rise in property taxes).

The last point leads to my request to you: Let Milwaukee give it a try.

Specifically, I ask that, with your help, Congress include in any "welfare reform" legislation it sends to the President a provision that exempts Milwaukee entirely from the current welfare system and lets us transfer the hundreds of millions of federal and state dollars (no more, no less) now spent in that system into community service jobs and other components of a work-based system.

I look forward to hearing from you.

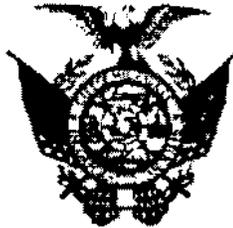
Sincerely,



JOHN O. NORQUIST  
Mayor

cc: Senator Herbert H. Kohl  
Senator Russell D. Feingold  
Representative Gerald D. Kleczka  
Representative Thomas M. Barrett

JOHN O. NORQUIST  
MAYOR



OFFICE OF THE MAYOR  
MILWAUKEE, WISCONSIN

TO: Paul Offner  
FROM: John O. Norquist, Mayor *Jon*  
DATE: November 3, 1993

I have taken so long to answer your letter of August 4, 1993, in order to prepare the comprehensive and detailed response that is necessary.

Immediately upon receiving your letter, I asked David Riemer, who's now my Chief of Staff, to put together a team of city officials and non-government advisors to analyze your request and help me prepare a response. A list of the members of this team (which called itself the Offner Response Group, in your honor) is attached. See Attachment A. After meeting four times--and doing a great deal of analysis, refinement, and editing between meetings--the team submitted its recommendations to me this month. The team's hard work, and the major part of its conclusions, are reflected in my answer to you.

I would like to say a few words about the premises that underlie my answer before going into the details.

As I have repeatedly urged over the last three years, most recently at the Administration's Welfare Reform Task Force's hearing in Chicago, the only solution to the U.S. welfare problem is to eliminate welfare altogether. Welfare is a failure in every respect. It fails to give the fraction of the poor it serves enough to live on. It degrades them in their own eyes and in the eyes of the American people. It encourages them to lie about the wages that many of them secretly earn and illegally conceal. It discourages them from pursuing honest and open private-sector jobs. It punishes them, in those cases when they do honestly and openly secure employment, if they increase their hours of work or their earnings. It treats them better, when it comes to child care and health care, than many other Americans whose economic circumstances are roughly the same, creating both inequity and resentment. And it largely ignores the needs of the majority of America's poor--most of whom are not on AFDC and are striving through work to maintain a decent standard of living in what is often a hostile economic environment. Tinkering with such a hopelessly flawed system will never succeed. The U.S. welfare system has too many fundamental defects to be reformed. Welfare should simply be eliminated.

The needs of America's poor should be addressed, rather, through an entirely different--work-based--set of policies and programs.

The poor people of this country--both on and off AFDC--want to work, like the rest of us. In fact, most of them are working, like the rest of us. A substantial number of AFDC recipients already work, many illegally

and some legally, despite the risks that unacknowledged work and the penalties that acknowledged work both present. Every poll I've ever seen, moreover, demonstrates that the AFDC population as a whole wants to work. Meanwhile, the rest of the poor--the majority of the poor--are for the most part already working, often full-time and year-round, typically at low-wage jobs.

If the poor want to work their way out of poverty; and since most of them are already working in an effort to get out of poverty; and as their getting out of poverty through work is a value that the overwhelming majority of the American people can support; surely the time has come to get rid of welfare and put in its place a better approach that helps all the poor and that is based on connecting them to full-time work, making work pay, and eliminating the most important barriers to work such as lack of child care and lack of health care.

Your letter agrees with all (or at least most) of these premises ("I am a strong believer in the work strategy"), but you raise questions about implementing them ("My concern is that we will be unable to pull it off"). The biggest question you raise is, in essence, how will we be able to connect large number of ex-AFDC family heads and other unemployed low-income adults to full-time work in light of both the public's suspicion of community service jobs programs like CETA and at least the near-term inability of private firms to absorb most of the new jobseekers into the private economy.

You indicate that the heart of the answer must be a community service jobs program that hires large numbers of ex-AFDC recipients and other unemployed low-income adults to perform useful work and that--unlike CETA--the public can support. Your challenge to America's mayors is to show exactly how we "could put 1.5 million welfare mothers, along with, say, a million low-income men, to work in meaningful [community service] jobs so that the public could support the considerable public resources required and the public unions would not go bonkers." Your specific challenge to me was to take the number of AFDC cases in Milwaukee, double it, and put that many people to work in meaningful community service jobs.

I do not agree, however, that putting Milwaukee County's AFDC population and unemployed low-income adults to work requires, at this time, the creation of 70,000 community service jobs. There are now about 35,000 AFDC cases in Milwaukee County. Twice that is 70,000. Your formula would thus require the creation of 70,000 community service jobs in Milwaukee County. For the reasons outlined below, I believe that this number substantially exceeds the number of community service jobs actually needed here.

First, some of the individuals now getting AFDC in Milwaukee County--I would estimate anywhere from 8,000 to 15,000--have physical or mental disabilities so severe that, though currently ineligible for Social Security or SSI disability benefits, they cannot reasonably be expected

to work. Modifying Social Security or SSI disability rules or practices so that these individuals can be absorbed in those existing programs, or--far less preferable--creating a small, new, disability program to provide them enough to live on, is the obvious solution. Community service jobs for these 8,000-15,000 persons would be inappropriate.

Second, as I've noted, a substantial number of the 35,000 family heads on AFDC in Milwaukee County are already working, some in regular private-sector jobs, and some full-time. The remarkable study by Christopher Jencks and Kathryn Edin, "The Real Welfare Problem," which appeared in The American Prospect (Vol. 1, No. 1, Spring, 1990), suggests that as many as 50% of the AFDC population may be employed in regular private-sector jobs, and that as many as 15% are employed full-time. If AFDC's current restrictions and penalties on work were lifted in favor of legalizing and rewarding work, these percentages--particularly the percentage of those already working who are doing so full-time--are likely to rise. Conservatively, I would argue that at least 10,000 to 15,000 of Milwaukee County's current AFDC caseloads are now already working in the private-sector, and that at least 3,000 to 5,000 of them are working full-time...some secretly and "illegally", some openly and "legally." If it is assumed that the 7,000 to 10,000 who are working part-time are holding the equivalent of 3,500 to 5,000 full-time jobs, the total full-time job equivalents plus actual full-time jobs already held by this group would thus be 6,000 to 10,000. A corresponding number of community service jobs for this group would thus be unnecessary.

Third, ex-AFDC recipients and other unemployed low-income persons in Milwaukee County now have access to a significant number of private-sector jobs. A recent survey by the University of Wisconsin-Milwaukee's Employment and Training Institute, funded in part by the City of Milwaukee, indicated that, in the week of May 24, 1993, there were approximately 21,000 jobs available, i.e., open for immediate hire, in the Milwaukee four-county SMSA (Milwaukee, Waukesha, Ozaukee, and Washington counties). Following is a breakdown:

Full-time jobs.....	Milwaukee County.....	7,472
	Other counties.....	4,395
Part-time jobs.....	Milwaukee County.....	6,766
	Other counties.....	2,512

There is no reason to doubt these days, given the overall condition of the Milwaukee-area economy, that at any time other than May of 1993 there are approximately the same numbers of vacant jobs in the same counties. Obviously, Milwaukee County's ex-AFDC recipients and other unemployed low-income persons have no particular lock on these jobs. They must compete for them with both similarly-situated individuals from the three other counties (as well as from Racine, Kenosha, Chicago, etc.) and non-poor persons from the area (and outside the area). Furthermore, it would be difficult for the great majority of Milwaukee County's ex-AFDC recipients and other unemployed low-income persons to compete effectively for the portion of these 21,000 jobs that require college degrees,

November 3, 1993

Page 4

advanced degrees, and specialized training. Nonetheless, some of the Milwaukee County ex-AFDC recipients and other unemployed persons are likely to land some of these vacant jobs. I would estimate that between 2,000 to 5,000 could move into existing vacancies, thus eliminating the need to create an equivalent number of community service jobs.

Fourth, the effect of changing the character of the Milwaukee County work force on the job-creating behavior of Milwaukee area employers must be considered. While it is true that the nature of the labor supply is far from the only factor that influences labor demand, the nature of the labor supply does have an important influence on labor demand, and changes in the character of the labor supply can significantly change the scope of labor demand. I believe that it is likely that, if AFDC were eliminated, both a significant number of ex-AFDC recipients and a significant number other unemployed low-income persons (particularly where the ex-AFDC recipients' economic support for those other unemployed persons has ended) will begin to interact with private-sector employers in such a way as to fill a significant number of newly created--albeit overwhelmingly low-wage--private-sector jobs. I would estimate that between 2,000 and 10,000 new private-sector jobs will be filled and created in this fashion, thus obviating the need to create a corresponding number of community service jobs.

Fifth, and finally, the multiplier effect must be considered. Several of the points discussed above make it clear that, with AFDC eliminated, both ex-AFDC recipients and other unemployed low-income adults will be working more, earning more, and raising their incomes. The legalization of ex-AFDC recipients' existing work (discussed above in point #2) will make it easier for them to remain employed, increase their hours of work, increase their earnings, and claim the federal and state Earned Income Credits (EIC). The movement of ex-AFDC recipients and other unemployed low-income adults into existing job vacancies (discussed above in point #3) and into newly created jobs (discussed above in point #4) will also result in more employment, hours of work, earnings, and utilization of the EIC. Finally, to the extent that ex-AFDC recipients and other unemployed low-income adults do move into community service jobs, their employment, hours of work, earnings, and EIC use will all increase. As ex-AFDC recipients and other unemployed low-income adults work more, earn more, and increase their incomes, of course, they will also spend more than they previously did. This increased spending will be offset by certain other spending decreases, e.g., certain individuals who might previously have gotten certain vacant jobs won't get them, and certain anti-poverty programs designed to alleviate the symptoms of poverty may be repealed with an accompanying reduction in employment. On balance, however, there will be a significant net increase in spending within Milwaukee County...and this will be particularly the case within the inner-city sub-economy. This increase in spending within the inner city will tend to multiply private sector job creation in the inner city, both by turning part-time jobs into full-time jobs and by creating new full-time jobs. I would estimate that between 2,000 and 10,000 new

private-sector jobs will be filled and created in this fashion, thus avoiding the need to create an equal number of community service jobs.

The following table summarizes the five points discussed above.

Milwaukee County Community Service Job Need

	<u>Maximum Estimate</u>	<u>Minimum Estimate</u>
Milwaukee County AFDC and Other Low-Income Unemployed Adult Population (Offner Formula: AFDC Population x 2)	70,000	70,000
Less:		
(1) AFDC and Non-AFDC Sub-groups with physical or mental dis- abilities that prevent them from working	8,000	15,000
(2) AFDC Sub-group already working at full-time equivalent private-sector jobs	6,000	10,000
(3) AFDC and Non-AFDC Sub-groups able to fill existing job vacancies	2,000	5,000
(4) AFDC and Non-AFDC Sub-groups likely to fill newly created private sector jobs	2,000	10,000
(5) AFDC and Non-AFDC Sub-groups likely to fill new private sector jobs created by multiplier effect of additional spending resulting from (2), (3), (4), and creation of community service jobs	<u>2,000</u>	<u>10,000</u>
Community Service Jobs Needed	50,000	20,000

In sum: I believe that, in Milwaukee County, rather than needing to create 70,000 community service jobs, we will need to create a number in the 20,000-50,000 range. This is still, of course, a very large number of community service jobs. But I think it is a truer representation of Milwaukee's real need than the larger number you suggested.

Rather than engage in what I considered to be the hopeless task of picking exactly the right number of community service jobs needed within the 20,000-50,000 range, I asked the Offner Response Group to show how

November 3, 1993

Page 6

both the low end and the high end number of community service jobs could be created in Milwaukee County.

The balance of this response to you is a detailed description of how, in Milwaukee, 10,000 or 50,000 ex-AFDC recipients and other unemployed adults could be put to useful work. Attachment B outlines the assumptions we made in defining the jobs that could be created, the work that would be done, and the resulting cost. Attachments C (including C-1 through C-19) describe the community service jobs themselves, the valuable work they would be used to perform, and their cost.

I hope that this letter and the attached documents answer your question.

If anything in this letter or the attachments is not clear, please contact me at 414/286-5527 or David Riemer at 414/286-8577.

Before finishing, however, I would like to make a request to you...and, through you, to Senator Moynihan, the Senate, Congress, and the federal government.

During the next year, you will be enacting some sort of major welfare reform legislation. It will most likely be an effort to implement President Clinton's vision of "ending welfare as we know it."

I believe that, here in Milwaukee, we know more about ending welfare than anywhere else in the United States. Our highly successful Milwaukee County Service Corps; our positive results in promoting the EIC; and of course our experience with the New Hope Project; all point to the fact that Milwaukee is better positioned and better equipped to test a new, non-welfare, pro-work approach to getting the poor out of poverty than any other place in the country. The work that went into this letter and its attachments--this response to your very important questions about where the community service jobs would be and what they would cost--further illustrates how well prepared we are to lead this nation into the new era in which "welfare as we know it" will be gone and an entirely different, work-based method of helping the poor will take its place.

So my request to you is this: Let Milwaukee escape entirely from the welfare system, and allow us instead to help all of our poor with a work-based alternative, at no extra cost to the United States.

\* Specifically, I am asking you to include in the next federal welfare reform law that Congress enacts and the President signs a provision that (1) exempts Milwaukee from all the laws, rules, and regulations imposed by the current cluster of welfare and other so-called anti-poverty programs (AFDC, Food Stamps and other nutrition programs, Medicaid and other health programs, housing programs, etc...we'll give you a list) and (2) authorizes Milwaukee to invest, in the work-based alternative that we will describe to you in detail, the same federal and state dollars (no less, no more) that the federal government was previously spending in

November 3, 1993

Page 7

Milwaukee, or causing the state to spend in Milwaukee, under those same welfare and anti-poverty programs.

I truly believe that, if we were allowed to liberate Milwaukee's poor from the welfare prison in which they're trapped, we could lift them out of poverty through work at no extra cost to the feds or the state.

My request to you--my challenge to you--is to give us the federal legislation that lets us try.

I hope to hear from you soon.

## APPENDIX A

### OFFNER RESPONSE GROUP

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## APPENDIX B

### Assumptions

Following are the assumptions we have made in defining the Community Service Jobs that could be created in Milwaukee, the work that would be performed, and the resulting costs.

#### Context

1. It is likely, as noted in the Mayor's letter, that a significant number of the assumed 70,000 adults receiving AFDC on otherwise part of the unemployed low-income population of Milwaukee County, but who are not currently receiving Social Security disability benefits or SSI benefits, are nonetheless physically or mentally unable to work. The Mayor's letter assumes a range of 8,000 to 15,000 persons in this category. Others, however, have estimated that the number in this category may be as high as 15-25% of the total: if 70,000 persons is the base, the number of persons in this category would thus range from 10,500 to 17,500. Obviously, every effort should be made to determine whether these individuals might qualify for Social Security disability benefits or SSI benefits. To the extent these people—who cannot work—don't fit into the Social Security and SSI systems, it is assumed that they would be enrolled in some other income support system, and that they would not be offered Community Service Jobs.
2. It is assumed that a certain number of ex-AFDC recipients and other unemployed low-income adults, though not disabled from working as defined by Social Security, SSI, or any new system established as described in #1 above, will fail to work at jobs made available to them—and as a result will, in some cases, cause their children to be neglected. It is assumed, however, that, to address this new problem, there will be sufficient resources made available by (a) the departure of a much larger number of children from the category of neglected by virtue of their parents' obtaining jobs and getting out of poverty and (b) the reduced need of low-income adults for support services.
3. It is assumed that Community Service Job wages, like all other wages, will qualify for the federal Earned Income Credit (EIC) and the Wisconsin EIC on the same terms as regular employment wages qualify for those EICs.
4. It is further assumed that the total earnings supplement package that a full-time, year-round worker will receive will be modified, if necessary, to get the worker out of poverty. As the federal and state EIC provisions now stand, in Wisconsin, in 1995, this will already be true for a single-parent working full-time with one dependent child. It will almost be true if such a parent has two children or for a

No

two-parent family with one full-time, year-round worker and one child. It will not be true in 1995, as things now stand, however, for other family configurations: they will still fall significantly below the poverty line. The goal assumed here is to ensure that every worker with full-time, year-round employment—regardless of marital status, and with up to four dependent children—ends up with an earnings-based income, i.e. earnings plus the earnings supplement package, that exceeds the federal poverty line. To achieve fully this goal (i.e., Earnings + Federal EIC + State EIC + Additional Earnings Supplement > Poverty Line) either the federal EIC or the State EIC must be enlarged for certain family sizes, or a new earnings supplement must be put in place.

5. It is assumed that all child care and health insurance policies, programs, and tax provisions, at the federal and state level, would apply equally to persons holding Community Service Jobs and persons holding regular employment.

### Definition of Community Service Jobs (CSJ)

1. Community service jobs would pay the minimum wage, be part-time (i.e., no more than 30 hours per week), and be time-limited (i.e., be available for no more than 26 weeks per year).
2. CSJs could not be used to displace current workers, fill vacant positions from which a government or private sector employee has been laid off or fired, replace existing jobs, or substitute for jobs that have recently been eliminated.
3. CSJs would be real jobs, from which individuals could be fired or disciplined for misconduct or nonperformance. CSJs would also, in all cases, be designed to produce work that is useful, visible, and highly valued by the public. CSJs would not be allowed to become sinecures, producing make-work at best, and handicapping the persons holding them in their search for regular employment. Rather, CSJs must benefit the community and in the process enhance the attractiveness of the persons holding them to obtain regular jobs. (See #6 below.)
4. CSJs would be offered only to unemployed low-income persons who cannot find at least 30 hours per week of employment in the regular economy, i.e., private sector employment or regular government employment. Therefore, a CSJ would be made available to an unemployed low-income person only after that person has engaged in an aggressive search for employment in the regular economy. The length of the search for a regular job may vary, depending on the individual's employability in the regular economy and the overall condition of the local economy. Generally, however, the search for a regular job should last approximately eight weeks.

5. No person eligible for a CSJ could hold a given CSJ assignment for more than 26 weeks. At the end of the CSJ assignment, the person holding the CSJ would be required to repeat the search for a regular job, typically for eight weeks. If this second search for employment in the regular economy also proves unsuccessful, the person could again qualify for a second CSJ assignment, not to exceed 26 weeks. The process would continue until the person secures a regular job.
6. CSJs would be designed to make it easier for unemployed low-income persons to move into jobs in the regular economy as quickly as possible. To this end, CSJs would be structured so as to improve significantly and quickly the employability--i.e., the job-readiness and the productivity--of the persons holding the CSJs, utilizing proven no-cost and low-cost methods, so that the persons holding CSJs will be as attractive as possible, as soon as possible, to regular employers.
7. CSJs would also be designed to encourage unemployed low-income persons who are holding CSJs to want to--to be eager to--move into any jobs that are open in the regular economy as soon as possible. This will be accomplished by (a) making all CSJs significantly less financially rewarding to the persons holding them than any vacant job available in the regular economy and (b) frequently pointing out to the holders of CSJs the comparative advantages of jobs in the regular economy. Specifically, CSJs would be designed to:
  - Pay the minimum wage, compared to most jobs in the regular economy that pay more.
  - Offer no pay increases for stability or performance, compared to most jobs in the regular economy that do reward stability and performance with pay increases.
  - Provide only as much work as is needed to bring a person's total hours of work up to 30 hours per week, compared to most jobs in the regular economy that impose no such restriction.
  - Be available to any individual for no more than 26 weeks per year, compared to most jobs in the regular economy that impose no such limit.
  - Impose a waiting period, typically eight weeks, before initial entry and all re-entries.
  - Offer no career ladder, i.e., no promotions to better community service jobs, compared to most jobs in the regular economy that do provide some sort of opportunity to advance to better positions.

To make sure the persons holding CSJs fully understand the comparative economic advantage to them of moving into any regular job that becomes available, the limitations imposed on CSJs—and the greater opportunities by regular jobs—would be constantly stressed.

### Kinds of Work to Be Performed

1. In order to accomplish successfully its multiple purposes of (a) offering ex-AFDC recipients and other unemployed low-income adults work sufficient to get them out of poverty, (b) making CSJs real jobs that meet real work standards, (c) ensuring that CSJs are truly the employment of last resort, (d) improving CSJ holders ability to move into regular jobs, and (e) giving CSJ holders powerful economic incentives to take all available regular jobs, the Community Service Jobs (CSJs) program needed in the 1990s must create work that respond to the many changes that have happened in the structure of American society and the American labor market. Our society—particularly, the low-income part of our society—has a large number of single-parent families. Our labor market, meanwhile, has become more complex. While the market still affords most workers full-time jobs, it is increasingly characterized by workers who hold two or more part-time jobs, in part because employers have increased their use of part-time jobs to conduct their businesses. While most work still occurs during "normal" hours (Monday through Friday, 7 a.m. through 6 p.m.), employment during "odd" hours, i.e., evenings, nights, and weekends, is also more common.

The CSJ program required in today's United States must therefore follow a different model than the one used by the WPA, CCC, and other New Deal "work relief" programs in the 1930s (and that even CETA used in the 1970s) if it wants to connect workers effectively to the regular job market that now exists. The New Deal CSJ model imitated the regular labor market of the time. The WPA and CCC offered full-time jobs during "normal" working hours, just like the jobs that America's laborers had lost. It was not that difficult to shift from the WPA or CCC to an available regular job because it was likely to be the same kind of full-time, Monday through Friday, morning through afternoon job. The only problem was the shortage of available regular jobs...a problem not solved until December 7, 1941.

Obviously, the New Deal model won't work nearly as well today, for two reasons. First, the day-to-day problems faced by many ex-AFDC recipients and other unemployed low-income adults who are single parents, such as taking their children to day care or school, will make it hard for them—especially as they first adjust to the labor market—to be successful employees in jobs that have fixed or difficult work schedules. Second, offering these persons CSJs that are only full-time and at regular hours will make it logical for many of them to give up the

part-time jobs, especially at "odd" hours, that they've obtained in the regular economy--producing a result exactly opposite to the desired shift into regular work.

To be successful, a CSJ program today should still follow the same basic principle followed during the New Deal: imitate the regular labor market of the times. That principle, however, leads to a very different CSJ model in the 1990s...because the labor market of the times has changed so dramatically. The CSJ model required today, if it is to be successful, must recognize the scheduling and other problems faced by single-parent families by, among other things, making many CSJs available on a flexible basis. It must, in particular, accommodate persons who need a part-time CSJ to match the part-time job that they've secured in the regular economy...or the part-time schedule offered by what is formally called a full-time job. The CSJ model of today should also pay attention to the "odd" hours that so many workers, particularly part-time workers, hold in today's economy, in an effort to make sure that it does not inadvertently create incentives for persons to substitute CSJ work for those "odd" hour jobs.

2. The preceding analysis supports the following assumption regarding how Community Service Jobs would be structured in Milwaukee County.

Rather than a New Deal system single type of CSJ, we believe five types of CSJs are needed:

- a. Adult Work Crews, reminiscent of the WPA and CC, would offer intensive training and production for adults adapted to the work ethic skills, and experience of adults who have substantial work experience. Adapted from the successful crews of the Milwaukee Community Service Corps, production would focus on demanding projects in construction and fabrication. Projects would frequently combine on-the-job training and the use of heavy equipment. Unlike the other options, participants will be required to commit a period of one to three months, to make sure they learn skills, develop credible references, and stay long enough to justify the expense of training them.
- b. New Apprenticeships in retail services, transportation, office support skills, and other areas would offer participants on-the-job training in clusters of temporary assignments, new market requirements, and production procedures. Different assignments in reception, data-entry, and secretarial functions could make participants valuable office workers. Assignments in shipping and receiving, driving, and customer service could equip participants for high-paid positions in long-haul residential moving. Assignment clusters could offer career entry both to job-seekers with no

- previous work history and those who need new experience to add to their proven work histories.
- c. Non-Profit Internships in community-based organizations, child-care centers, schools, community health clinics, and service agencies would offer inexperienced job-seekers steady work to build up a work history and try out rapidly expanding service fields. These would be available to participants who demonstrate special aptitude for specific fields, or who have re-proven work readiness through new apprenticeship assignments (see b., above) or filler labor (see d., below).
  - d. Filler Labor would be offered on a day-to-day basis to all participants. Participants without previous work experience; participants with sporadic, unpredictable, or part-time non-subsidized jobs; and participants who have recently lost jobs could work for one day, a few days, or up to twenty-six weeks at a sheltered workshop. Workloads would be flexible and open ended so that varying numbers of participants would be able to work half-day (four-hour) or full-day (eight-hour) shifts Monday through Saturday. This would provide entry and back-up work options for inexperienced or especially disadvantaged job-seekers, as well as people in recent or temporary crises.
  - e. Training Businesses, such as Milwaukee's Esperanza Unida, would provide an opportunity not only to employ and train but a vehicle for business creation or expansion. The idea would be to target a certain number of jobs for non-profit business development projects that have the potential to become for-profit companies at some stage. For example, CSJs could be established within a training business that does lead abatement or metal fabrication; these positions would then have the potential to develop into unsubsidized family-supporting employment within new or growing private-sector firms.

### Labor and Management Issues

1. As noted above, CSJs could not be used to displace current workers, whether in government or the private sector. Nor could CSJs be used to fill vacant positions from which a government or private sector employee has been laid off or fired. Nor could CSJs be used to replace existing jobs, whether in government or the private sector. Finally, CSJs could not be used as substitutes for jobs that have recently been eliminated.

To assure that this principle is being followed, representatives of organized labor in general and public employee unions in particular should be directly involved in reviewing and approving CSJ projects. There is plenty of community work to do. There need be no "turf battle" between the advocates or administrators of a CSJ program and the AFL-CIO or AFSCME. The model employed by the Milwaukee Community Service Corps, which placed representatives of labor on the Corps' board of directors, is a constructive one that should be followed in any larger CSJ program.

2. A linkage should be forged between the CSJ program and the unions' apprenticeship programs in an effort to increase the number of minorities and women who qualify as apprentices. A CSJ program can be a useful testing ground for identifying potential apprentices. It will be a better testing ground if the effort to identify potential apprentices, particularly among minority and women CSJ holders, is carried out cooperatively between the CSJ program administrators and the union apprenticeship program administrators.
3. No CSJ program will succeed unless it has strong, competent management.

Following are some of the more important management principles that must be followed:

- a. As noted above, CSJs must be real jobs, from which individuals can be fired or disciplined for misconduct or nonperformance. The persons holding CSJs must produce real work that benefits their fellow citizens, who are paying the bill. CSJs must not be allowed to become sinecures, producing make-work at best, and handicapping the persons holding them in their search for regular employment. Rather, CSJs must benefit the community and in the process enhance the attractiveness of the persons holding them to obtain regular jobs.
- b. Adequate supervision must be provided. While there is no universal formula that applies to all CSJ crews, we believe that the following rules-of-thumb are applicable:
  - 1) The ratio of workers to crew leaders must be carefully considered and must be appropriate. No single ratio of workers to crew leaders will be right for all projects. Rather, the ratio will vary depending on the nature of the project.
  - 2) Generally, crew leaders should be paid \$9.00/hour.
- c. Workers must be screened before being placed in CSJ projects that involve public safety, children, or other vulnerable populations. Persons with

serious criminal records or histories of drug use, for instance, should not be allowed to come into contact with children.

5. Project managers must be hired who are not only highly competent administrators but who are zealous in their commitment to the concept and the success of Community Service Employment. The New Deal CSJ programs like the WPA and CCC succeeded in part because their managers—particularly the top managers, such as Harry Hopkins and Harold Ickes—were utterly dedicated to the programs' success. For a CSJ program to succeed in Milwaukee County (or anywhere in the United States), it must be lead by the modern-day equivalents of Hopkins and Ickes. The only difference is that, this time, the management must include all the dedicated managers available, including African-Americans, Hispanic-Americans, Asian-Americans, and women.

### Costs and Benefits

1. Because it is not clear how many Community Service Jobs would be needed in Milwaukee, as explained in the memo that precedes this attachment, it is difficult to estimate the cost of operating a CSJ program in Milwaukee. The assumptions that follow relate to estimating the cost of individual Community Service Jobs and—given the assumptions made about how many jobs would be created in specific CSJ projects—the cost of CSJ projects. The actual cost of a complete CSJ program in Milwaukee however, would depend on at least two other variables that cannot be specified at this time. Those variables are:
  - a. The extent to which several factors—ex-AFDC recipients and other unemployed low-income adults' ability to work; their movement from the secret and "illegal" holding of jobs to acknowledgement of jobs they already hold under a new system; their ability to fill current job vacancies in the regular economy; the impact of the elimination of AFDC on the character of the labor force and the creation of private sector jobs; and the multiplier effect of the above factors—will interact with each other and the number of job openings in the local economy to determine how many low-income adults are unemployed in Milwaukee at any given time; and
  - b. The true rate of unemployment in the regular economy that is determined to be an acceptable level (presumably somewhere between 2% and 5%).

Nonetheless, it is assumed here that a Community Service Jobs program that meets most (if not all) of Milwaukee's need could be designed under which the total cost would be less than the associated savings (e.g., elimination of AFDC, General Relief, Food Stamps, and other welfare and anti-poverty programs).

tangible benefits (e.g., Social Security taxes), and intangible benefits (e.g., value of the work performed, likely rise in property taxes).

2. The following assumptions have been made in projecting costs:

- a. Fringe benefits (including Social Security, Medicare, and Workers' Compensation) are assumed to be 15% of wages.
- b. Fringe benefits other than those noted in a. above will not be provided unless required by law. If, for instance, a national or state requirement that imposes a tax on wages or earnings is enacted as part of a general program to provide health insurance or child care, the fringe benefit assumption made in a. above would be modified accordingly. However, for purposes of making realistic CSJ program estimates, cost projections have been made for total child care and total health care expenditures based on the premises shown on Attachments C-22 and C-23.
- c. As noted above, it is assumed that crew leaders will be paid \$9.00/hour.
- d. Different assumptions regarding uniforms, tools, and other equipment have been made in each of the CSJ project summaries included in Appendix C.
- e. No assumptions have been made as to how many CSJ workers would qualify for the federal EIC and state EIC or what the total EIC "expenditure" would be.
- f. It is assumed that persons unable to work would receive income and health care that costs an average of \$12,000 per person. See Attachments C-22 and C-23.

3. No comprehensive effort has been made here to indicate what the benefits would be of eliminating AFDC and substituting a work-based alternative. Generally, benefits would fall into three categories:

- a. **Cost Savings:** Federal, state, and local cost savings resulting from the elimination (or reduced scope) of AFDC, General Assistance, and other welfare and anti-poverty programs would be substantial. Attachment C-24 shows what some of these programs cost in Milwaukee County in 1988. Their current cost would be substantially higher.
- b. **Tangible Benefits:** A work-based alternative that includes, but is not limited to, Community Service Jobs would increase federal Social Security receipts, and to a lesser extent it would also increase federal and state income tax receipts. Further, to the extent such a program resulted in low-income

adults' having higher gross incomes and spending more money, sales tax receipts would be higher.

- c. **Intangible Benefits:** The most important intangible benefit of the work-based alternative discussed here would be the provision of economic security to—and the lifting out of poverty of—tens of thousands of Milwaukeeans. Attachment C-25 indicates how by 1995, in most cases, the move from welfare to work would result in higher incomes and the movement of families above or at least much closer to the poverty line. Other important intangible benefits include: the value of the massive amount of work performed (greater neighborhood safety, a cleaner local environment, better education and day care services, etc.), the impact on neighborhoods of a wholesale shift from a welfare economy to a wage economy, an increase in home ownership and improvements in the quality of housing, and (not to be ignored) a shift from hopelessness to hope as the dominant attitude in very low-income neighborhoods.

## APPENDICES

### Table of Contents

SUMMARY OF COMMUNITY SERVICE JOB PROJECTS: Assuming 20,000 Jobs Needed	Attachment C-1
SUMMARY OF COMMUNITY SERVICE JOB PROJECTS: Assuming 50,000 Jobs Needed	Attachment C-2
COMMUNITY SERVICE JOBS (CSJs) DESCRIPTION AND COST:	
Milwaukee Community Service Corps (MCSC)	Attachment C-3
Recycling (Neighborhood-Based Environmental Compliance Aides)	Attachment C-4.1
Recycling (Neighborhood-Based Environmental Compliance Aides)	Attachment C-4.2
Public Works (Public Building Maintenance)	Attachment C-5.1
Public Works (Public Building Maintenance)	Attachment C-5.2
Public Works (Infrastructure Maintenance)	Attachment C-6.1
Public Works (Infrastructure Maintenance)	Attachment C-6.2
Public Works (Forestry)	Attachment C-7.1
Public Works (Forestry)	Attachment C-7.2
Housing	Attachment C-8.1
Housing	Attachment C-8.2
Public Safety	Attachment C-9.1
Public Safety	Attachment C-9.2
Health	Attachment C-10
Health	Attachment C-11
Health	Attachment C-12
Health	Attachment C-13
Education	Attachment C-14.1
Education	Attachment C-14.2
Recreation	Attachment C-15
Child Care	Attachment C-16.1
Child Care	Attachment C-16.2
Arts/Culture	Attachment C-17
Arts/Culture	Attachment C-18
Arts/Culture	Attachment C-19
Day Crew (Part-Time/Flexible)	Attachment C-20.1
Day Crew (Part-Time/Flexible)	Attachment C-20.2
Training Businesses	Attachment C-21
COST ESTIMATES: Assuming 20,000 Jobs Needed	Attachment C-22
COST ESTIMATES: Assuming 50,000 Jobs Needed	Attachment C-23
CURRENT WELFARE SYSTEM COSTS	Attachment C-24
COMPARISON OF WELFARE AND WORK	Attachment C-25

## Attachment C-1

## SUMMARY OF COMMUNITY SERVICE JOB PROJECTS: Assuming 20,000 Jobs Needed

Attachment Number	Project Type	Project Description	.....Number of Jobs.....			TOTAL
			Full/ Time	Part/ Time	Supervisory	
C-3	MCSC	Service Corps	500		88	588
C-4.1	Recycling	Environmental Compliance Aides	2,400		150	2,550
C-5.1	Public Works	Public Building Aides	25		2	27
C-6.1	Public Works	Infrastructure Aides	60	20	15	95
C-7.1	Public Works	Forestry Aides	200		22	222
C-8.1	Housing	Housing repair	2,000		500	2,500
C-9.1	Public Safety	Security Aides	2,400		150	2,550
C-10	Health	Community Health Aides	600		30	630
C-11	Health	Senior Support Personnel	75		2	77
C-12	Health	Disabled Persons Aides	75		2	77
C-13	Health	Homebond Support Personnel	50		2	52
C-14.1	Education	Education Aides	2,500	1,000	25	3,525
C-15	Recreation	Recreation Aides	2,250	1,500	25	3,775
C-16.1	Child Care	Child Care Aides	1,250	750	20	2,020
C-17	Arts/Culture	Muralist Assistants	50	25	5	80
C-18	Arts/Culture	Special Events Assistants	50	25	5	80
C-19	Arts/Culture	Set Design Assistants	15	5	2	22
C-20.1	Day Crew	Part-time, flexible work	350	600	80	1,030
C-21	Training	Training Business employees	150	75	25	250
		TOTALS	15,000	4,000	1,150	20,150

Attachment C-2

SUMMARY OF COMMUNITY SERVICE JOB PROJECTS: Assuming 50,000 Jobs Needed

Attachment Number	Project Type	Project Description	Number of Jobs.....			TOTAL
			Full/ Time	Part/ Time	Supervisory	
C-3	MCSC	Service Corps	500		88	588
C-4.2	Recycling	Environmental Compliance Aides	10,000		625	10,625
C-5.2	Public Works	Public Building Aides	25		4	29
C-6.2	Public Works	Infrastructure Aides	60	50	20	130
C-7.2	Public Works	Forestry Aides	200		30	230
C-8.2	Housing	Housing repair	5,000		1,250	6,250
C-9.2	Public Safety	Security Aides	10,000		625	10,625
C-10	Health	Community Health Aides	600		30	630
C-11	Health	Senior Support Personnel	75		2	77
C-12	Health	Disabled Persons Aides	75		2	77
C-13	Health	Homebond Support Personnel	50		2	52
C-14.2	Education	Education Aides	6,000	2,000	80	8,080
C-15	Recreation	Recreation Aides	2,250	1,500	25	3,775
C-16.2	Child Care	Child Care Aides	2,000	1,000	20	3,020
C-17	Arts/Culture	Muralist Assistants	50	25	5	80
C-18	Arts/Culture	Special Events Assistants	50	25	5	80
C-19	Arts/Culture	Set Design Assistants	15	5	2	22
C-20.2	Day Crew	Part-time, flexible work	2,000	3,000	400	5,400
C-21	Training	Training Business employees	150	75	25	250
		TOTALS	39,100	7,680	3,240	50,020

Attachment C-3

Community Service Jobs (CSJs) Description and Cost

Project Type: Milwaukee Community Service Corps (MCSC)

Project Description: Work crews of 18-23 year olds participate in an intensive training and production effort that focuses on a wide range of demanding projects in construction and fabrication. Projects frequently involve on-the-job training and use of heavy equipment.

					Annual Cost
Non-Supervisory Jobs:					
Full-Time	500	\$4.25	30	50	\$3,187,500
	No. of Jobs	Wage/Hr.	Hrs./Wk.	Wks./Yr	
Part-Time					
	No. of Jobs	Wage/Hr.	Hrs./Wk.	Wks./Yr	
Supervisory Jobs:					
	88	\$12.00	40	52	\$2,196,480
	No. of Jobs	Wage/Hr.	Hrs./Wk.	Wks./Yr	
Other Costs:					
Fringes.....					\$807,597
Uniforms.....					\$49,400
Tools.....					\$136,900
Other Equipment.....					\$305,025
Other.....					\$1,800,299
Sub-Total					\$3,099,221
				TOTAL	\$8,483,201

Cost per Non-Supervisory Job: \$16,966  
 Cost per Job: \$14,427

NOTE: If the MCSC's current policy of paying non-supervisory employees at the rate of \$4.75/hour and using 40 hours per week and 52 weeks per year of work are assumed; and if the MCSC's current policy of paying supervisory employees \$12.10/hour is assumed; the total annual cost would be \$10,254,005.

Community Service Jobs (CSJs) Description and Cost

Project Type: Recycling (Neighborhood-Based Environmental Compliance Aides)

Project Description: Neighborhood Based Environmental Compliance Aides (NBECA) would provide a visible presence in 200 census tracts within Milwaukee central city neighborhoods. The major goal of the NBECA would be to provide essential sanitation services to elderly and handicapped residences, provide litter clean-up/snow shoveling where appropriate, and evaluate other environmental health and safety problems for referral to City agencies. They will work in teams of two, walking through a neighborhood, developing contacts with residents, neighborhood organizations, churches, local businesses, agencies, and schools. They will wear uniforms, be provided with the tools of the trade (broom, shovel), and carry only radios. There will be three crews in each census tract, with crews of 4 persons.

					Annual Cost
Non-Supervisory Jobs:					
Full-Time	2400	\$4.25	30	50	\$15,300,000
	No. of Jobs	Wage/Hr.	Hrs./Wk.	Wks./Yr	
Part-Time					
	No. of Jobs	Wage/Hr.	Hrs./Wk.	Wks./Yr	
Supervisory Jobs:					
	150	\$9.00	40	52	\$2,808,000
	No. of Jobs	Wage/Hr.	Hrs./Wk.	Wks./Yr	
Other Costs:					
Fringes.....					\$2,716,200
Uniforms*.....					\$382,500
Tools**.....					\$510,000
Other Equipment#.....					\$1,050,000
Other##.....					\$60,000
Sub-Total					\$4,718,700
TOTAL					\$22,826,700

Cost per Non-Supervisory Job: \$9,511  
 Cost per Job: \$8,952

\*\$150 each                      #Radios @ \$200 each and van  
 \*\*\$200 each                    rental @ \$3,600 per supervisor  
 ## Office rent

Attachment C-4.2

Community Service Jobs (CSJs) Description and Cost

Project Type: Recycling (Neighborhood-Based Environmental Compliance Aides)

Project Description: Neighborhood Based Environmental Compliance Aides (NBECA) would provide a visible presence in 200 census tracts within Milwaukee central city neighborhoods. The major goal of the NBECA would be to provide essential sanitation services to elderly and handicapped residences, provide litter clean-up/snow shoveling where appropriate, and evaluate other environmental health and safety problems for referral to City agencies. They will work in teams of two, walking through a neighborhood, developing contacts with residents, neighborhood organizations, churches, local businesses, agencies, and schools. They will wear uniforms, be provided with the tools of the trade (broom, shovel), and carry only radios. There will be three crews in each census tract, with crews of 25 persons.

					Annual Cost
Non-Supervisory Jobs:					
Full-Time	10000	\$4.25	30	50	\$63,750,000
	No. of Jobs	Wage/Hr.	Hrs./Wk.	Wks./Yr	
Part-Time					
	No. of Jobs	Wage/Hr.	Hrs./Wk.	Wks./Yr	
Supervisory Jobs:					
	625	\$9.00	40	52	\$11,700,000
	No. of Jobs	Wage/Hr.	Hrs./Wk.	Wks./Yr	
Other Costs:					
Fringes.....					\$11,317,500
Uniforms*.....					\$1,593,750
Tools**.....					\$2,125,000
Other Equipment#.....					\$4,375,000
Other##.....					\$60,000
Sub-Total					\$19,471,250
TOTAL					\$94,921,250

Cost per Non-Supervisory Job: \$9,492  
 Cost per Job: \$8,934

\*\$150 each                      #Radios @ \$200 each and van  
 \*\*\$200 each                      rental @ \$3,600 per supervisor  
 ## Office rent

Attachment C-5.1

Community Service Jobs (CSJs) Description and Cost

Project Type: Public Works (Public Building Maintenance)

Project Description: Public Building Aides would perform a variety of functions in maintaining public buildings, including maintaining and cleaning the City Hall complex, maintaining and repairing elevators and other electrical machinery, maintaining and cleaning viaducts and shops, conducting a survey of building users, helping inspectors, assisting in field inventory control, and providing office help.

					Annual Cost
Non-Supervisory Jobs:					
Full-Time	25	\$4.25	30	50	\$159,375
	No. of Jobs	Wage/Hr.	Hrs./Wk.	Wks./Yr	
Part-Time					
	No. of Jobs	Wage/Hr.	Hrs./Wk.	Wks./Yr	
Supervisory Jobs:					
	2	\$9.00	40	52	\$37,440
	No. of Jobs	Wage/Hr.	Hrs./Wk.	Wks./Yr	
Other Costs:					
Fringes.....					\$29,522
Uniforms*.....					\$4,050
Tools**.....					\$5,400
Other Equipment.....					
Other.....					
Sub-Total					\$38,972
TOTAL					\$235,787
Cost per Non-Supervisory Job:					\$9,431
Cost per Job:					\$8,733

\*\$150 each

\*\*\$200 each

Attachment C-5.2

Community Service Jobs (CSJs) Description and Cost

Project Type: Public Works (Public Building Maintenance)

Project Description: Public Building Aides would perform a variety of functions in maintaining public buildings, including maintaining and cleaning the City Hall complex, maintaining and repairing elevators and other electrical machinery, maintaining and cleaning viaducts and shops, conducting a survey of building users, helping inspectors, assisting in field inventory control, and providing office help.

					Annual Cost
Non-Supervisory Jobs:					
Full-Time	25	\$4.25	30	50	\$159,375
	No. of Jobs	Wage/Hr.	Hrs./Wk.	Wks./Yr	
Part-Time					
	No. of Jobs	Wage/Hr.	Hrs./Wk.	Wks./Yr	
Supervisory Jobs:					
	4	\$9.00	40	52	\$74,880
	No. of Jobs	Wage/Hr.	Hrs./Wk.	Wks./Yr	
Other Costs:					
Fringes.....					\$35,138
Uniforms*.....					\$4,350
Tools**.....					\$5,800
Other Equipment.....					
Other.....					
Sub-Total					\$45,288
					TOTAL
					\$279,543
Cost per Non-Supervisory Job:					\$11,182
Cost per Job:					\$9,639

\*\$150 each  
\*\*\$200 each

Attachment C-6.1

Community Service Jobs (CSJs) Description and Cost

Project Type: Public Works (Infrastructure Maintenance)

Project Description: Infrastructure Aides would perform a variety of functions in maintaining the City's infrastructure, including digitizing curb and sidewalk lines into the Geographic Information System (GIS), maintaining the City's 56,000 storm inlets on a seasonal basis, and locating and maintaining manholes and catch basins on a part-time seasonal basis.

					Annual Cost
<b>Non-Supervisory Jobs:</b>					
Full-Time	10	\$4.25	30	50	\$63,750
FT Seasonal	50	\$4.25	30	26	\$165,750
	No. of Jobs	Wage/Hr.	Hrs./Wk.	Wks./Yr	
<b>Part-Time</b>					
PT Seasonal	20	\$4.25	15	26	\$33,150
	No. of Jobs	Wage/Hr.	Hrs./Wk.	Wks./Yr	
<b>Supervisory Jobs:</b>					
Full-Time	1	\$9.00	40	52	\$18,720
FT Seasonal	10	\$9.00	40	26	\$93,600
PT Seasonal	4	\$9.00	20	26	\$18,720
	No. of Jobs	Wage/Hr.	Hrs./Wk.	Wks./Yr	
<b>Other Costs:</b>					
Fringes.....					\$59,054
Uniforms*.....					\$14,250
Tools**.....					\$19,000
Other Equipment.....					
Other.....					
	Sub-Total				\$92,304
<b>TOTAL</b>					<b>\$485,994</b>
Cost per Non-Supervisory Job;					\$6,075
Cost per Job:					\$5,116

\*\$150 each

\*\*\$200 each

Attachment C-6.2

Community Service Jobs (CSJs) Description and Cost

Project Type: Public Works (Infrastructure Maintenance)

Project Description: Infrastructure Aides would perform a variety of functions in maintaining the City's infrastructure, including digitizing curb and sidewalk lines into the Geographic Information System (GIS), maintaining the City's 56,000 storm inlets on a seasonal basis, and locating and maintaining manholes and catch basins on a part-time seasonal basis.

					Annual Cost
Non-Supervisory Jobs:					
Full-Time	10	\$4.25	30	50	\$63,750
FT Seasonal	50	\$4.25	30	26	\$165,750
	No. of Jobs	Wage/Hr.	Hrs./Wk.	Wks./Yr	
Part-Time					
PT Seasonal	50	\$4.25	15	26	\$82,875
	No. of Jobs	Wage/Hr.	Hrs./Wk.	Wks./Yr	
Supervisory Jobs:					
Full-Time	1	\$9.00	40	52	\$18,720
FT Seasonal	10	\$9.00	40	26	\$93,600
PT Seasonal	9	\$9.00	20	26	\$42,120
	No. of Jobs	Wage/Hr.	Hrs./Wk.	Wks./Yr	
Other Costs:					
Fringes.....					\$70,022
Uniforms*.....					\$19,500
Tools**.....					\$26,000
Other Equipment.....					
Other.....					
	Sub-Total				\$115,522
				TOTAL	\$582,337
Cost per Non-Supervisory Job:,,					\$5,294
Cost per Job:					\$4,480

\*\$150 each

\*\*\$200 each

Attachment C-7.1

Community Service Jobs (CSJs) Description and Cost

Project Type: Public Works (Forestry)

Project Description: Forestry Aides would perform a variety of functions in maintaining the City's trees, boulevards, and public ways, including remulching young street trees, removing tree stakes on a scheduled basis, watering recently planted trees, boulevard maintenance and upkeep, cleaning and clearing alleyways, cleaning and maintaining municipal land, cleaning and maintaining vacant lots, cleaning and maintaining riverbanks, cleaning and maintaining drainage channels, nursery maintenance and upkeep, and general maintenance and clerical duties.

					Annual Cost
Non-Supervisory Jobs:					
Full-Time	200	\$4.25	30	50	\$1,275,000
	No. of Jobs	Wage/Hr.	Hrs./Wk.	Wks./Yr	
Part-Time					
	No. of Jobs	Wage/Hr.	Hrs./Wk.	Wks./Yr	
Supervisory Jobs:					
	22	\$9.00	40	52	\$411,840
	No. of Jobs	Wage/Hr.	Hrs./Wk.	Wks./Yr	
Other Costs:					
Fringes.....					\$253,026
Uniforms*.....					\$33,300
Tools**.....					\$44,400
Other Equipment.....					
Other.....					
Sub-Total					\$330,726
TOTAL					\$2,017,566
Cost per Non-Supervisory Job:					\$10,088
Cost per Job:					\$9,088

\*\$150 each

\*\*\$200 each

Attachment C-7.2

Community Service Jobs (CSJs) Description and Cost

Project Type: Public Works (Forestry)

Project Description: Forestry Aides would perform a variety of functions in maintaining the City's trees, boulevards, and public ways, including remulching young street trees, removing tree stakes on a scheduled basis, watering recently planted trees, boulevard maintenance and upkeep, cleaning and clearing alleyways, cleaning and maintaining municipal land, cleaning and maintaining vacant lots, cleaning and maintaining riverbanks, cleaning and maintaining drainage channels, nursery maintenance and upkeep, and general maintenance and clerical duties.

					Annual Cost
Non-Supervisory Jobs:					
Full-Time	200	\$4.25	30	50	\$1,275,000
	No. of Jobs	Wage/Hr.	Hrs./Wk.	Wks./Yr	
Part-Time					
	No. of Jobs	Wage/Hr.	Hrs./Wk.	Wks./Yr	
Supervisory Jobs:					
	30	\$9.00	40	52	\$561,600
	No. of Jobs	Wage/Hr.	Hrs./Wk.	Wks./Yr	
Other Costs:					
Fringes.....					\$275,490
Uniforms*.....					\$34,500
Tools**.....					\$46,000
Other Equipment.....					
Other.....					
Sub-Total					\$355,990
TOTAL					\$2,192,590
Cost per Non-Supervisory Job:					\$10,963
Cost per Job:					\$9,533

\*\$150 each

\*\*\$200 each

Attachment C-8.1

Community Service Jobs (CSJs) Description and Cost

Project Type: Housing

Project Description: Persons employed by the Housing team would work on lead abatement, asbestos abatement, demolition, landscaping/yard maintenance, painting, site security, single home rehab, construction site clean-up, and manufactured home construction. Supervision would vary depending on the activity: in home rehab, an acceptable ratio is 2:1, while in lot maintenance 5:1 has been found to be workable. Here, an average of 4:1 is used. Training also varies depending on the activity. Here, training and administration costs of \$1,000/person is assumed. Materials costs are assumed to be 10% of personnel costs.

					Annual Cost
Non-Supervisory Jobs:					
Full-Time	2000	\$4.25	30	50	\$12,750,000
	No. of Jobs	Wage/Hr.	Hrs./Wk.	Wks./Yr	
Part-Time					
	No. of Jobs	Wage/Hr.	Hrs./Wk.	Wks./Yr	
Supervisory Jobs:					
	500	\$9.00	40	52	\$9,360,000
	No. of Jobs	Wage/Hr.	Hrs./Wk.	Wks./Yr	
Other Costs:					
Fringes.....					\$3,316,500
Uniforms*.....					\$375,000
Tools**.....					\$500,000
Other Equipment.....					
Other#.....					\$5,042,650
Sub-Total					\$9,234,150
TOTAL					\$31,344,150

Cost per Non-Supervisory Job: \$15,672  
 Cost per Job: \$12,538

\*\$150 each # Training and administration at \$1,000/person and  
 \*\*\$200 each materials at 10% of personnel costs (salaries and fringes).

Attachment C-8.2

Community Service Jobs (CSJs) Description and Cost

Project Type: Housing

Project Description: Persons employed by the Housing team would work on lead abatement, asbestos abatement, demolition, landscaping/yard maintenance, painting, site security, single home rehab, construction site clean-up, and manufactured home construction. Supervision would vary depending on the activity; in home rehab, an acceptable ratio is 2:1, while in lot maintenance 5:1 has been found to be workable. Here, an average of 4:1 is used. Training also varies depending on the activity. Here, training and administration costs of \$1,000/person is assumed. Materials costs are assumed to be 10% of personnel costs.

					Annual Cost
Non-Supervisory Jobs:					
Full-Time	5000	\$4.25	30	50	\$31,875,000
	No. of Jobs	Wage/Hr.	Hrs./Wk.	Wks./Yr	
Part-Time					
	No. of Jobs	Wage/Hr.	Hrs./Wk.	Wks./Yr	
Supervisory Jobs:					
	1250	\$9.00	40	52	\$23,400,000
	No. of Jobs	Wage/Hr.	Hrs./Wk.	Wks./Yr	
Other Costs:					
Fringes.....					\$8,291,250
Uniforms*.....					\$937,500
Tools**.....					\$1,250,000
Other Equipment.....					
Other#.....					\$12,606,625
Sub-Total					\$23,085,375
TOTAL					\$78,360,375

Cost per Non-Supervisory Job: \$15,672  
 Cost per Job: \$12,538

\*\$150 each # Training and administration at \$1,000/person and materials at 10% of personnel costs (salares and fringes).  
 \*\*\$200 each

Attachment C-9.1

Community Service Jobs (CSJs) Description and Cost

Project Type: Public Safety

Project Description: Neighborhood Based Security Aides (NBSA) would provide visible presence in 200 census tracts within Milwaukee central city neighborhoods. They would work in teams of two, walking through a neighborhood, developing contacts with residents, neighborhood organizations, churches, local businesses, agencies, and schools. They would wear uniforms and carry only radios (they would not be armed). There would be three shifts in each census tract, with crews of 4 persons.

					Annual Cost
Non-Supervisory Jobs:					
Full-Time	2400	\$4.25	30	50	\$15,300,000
	No. of Jobs	Wage/Hr.	Hrs./Wk.	Wks./Yr	
Part-Time					
	No. of Jobs	Wage/Hr.	Hrs./Wk.	Wks./Yr	
Supervisory Jobs:					
	150	\$9.00	40	52	\$2,808,000
	No. of Jobs	Wage/Hr.	Hrs./Wk.	Wks./Yr	
Other Costs:					
Fringes.....					\$2,716,200
Uniforms*.....					\$382,500
Tools**.....					\$510,000
Other Equipment.....					
Other#.....					\$60,000
Sub-Total					\$3,668,700
TOTAL					\$21,776,700

Cost per Non-Supervisory Job: \$9,074  
 Cost per Job: \$8,540

\*\$150 each  
 \*\*\$200 each

# Office rent: 10 sites at \$500 for 12 months.

Attachment C-9.2

Community Service Jobs (CSJs) Description and Cost

Project Type: Public Safety

Project Description: Neighborhood Based Security Aides (NBSA) would provide visible presence in 200 census tracts within Milwaukee central city neighborhoods. They would work in teams of two walking through a neighborhood, developing contacts with residents, neighborhood organizations, churches, local businesses, agencies, and schools. They would wear uniforms and carry only radios (they would not be armed). There would be three shifts in each census tract, with crews of 25 persons.

					Annual Cost
Non-Supervisory Jobs:					
Full-Time	10000	\$4.25	30	50	\$63,750,000
	No. of Jobs	Wage/Hr.	Hrs./Wk.	Wks./Yr	
Part-Time					
	No. of Jobs	Wage/Hr.	Hrs./Wk.	Wks./Yr	
Supervisory Jobs:					
	625	\$9.00	40	52	\$11,700,000
	No. of Jobs	Wage/Hr.	Hrs./Wk.	Wks./Yr	
Other Costs:					
Fringes.....					\$11,317,500
Uniforms*.....					\$1,593,750
Tools**.....					\$2,125,000
Other Equipment.....					
Other#.....					\$60,000
Sub-Total					\$15,096,250
TOTAL					\$90,546,250

Cost per Non-Supervisory Job: \$9,055  
 Cost per Job: \$8,522

\*\$150 each  
 \*\*\$200 each

# Office rent: 10 sites at \$500 for 12 months.

Attachment C-10

Community Service Jobs (CSJs) Description and Cost

Project Type: Health

Project Description: Community Health Aides (CHA) would be trained in specific health topics and assigned to work in teams in various settings, i.e., health centers, community-based agencies, WIC clinics, day care centers, etc. Each CHA will have a specific health education focus, i.e., immunizations, breastfeeding, lead poisoning prevention, first aid, sexually transmitted diseases, etc. A supervisor to staff ratio of 1:20 will be established to ensure adequate training, skill development, and on-going supervision.

					Annual Cost
Non-Supervisory Jobs:					
Full-Time	600	\$4.25	30	50	\$3,825,000
	No. of Jobs	Wage/Hr.	Hrs./Wk.	Wks./Yr	
Part-Time					
	No. of Jobs	Wage/Hr.	Hrs./Wk.	Wks./Yr	
Supervisory Jobs:					
	30	\$9.00	40	52	\$561,600
	No. of Jobs	Wage/Hr.	Hrs./Wk.	Wks./Yr	
Other Costs:					
Fringes.....					\$657,990
Uniforms*.....					\$94,500
Tools.....					
Other Equipment.....					
Other#.....					\$378,000
Sub-Total					\$1,130,490
TOTAL					\$5,517,090

Cost per Non-Supervisory Job: \$9,195  
 Cost per Job: \$8,757

\*\$150 each

# Mileage: \$50/month for 12 months.

Attachment C-11

Community Service Jobs (CSJs) Description and Cost

Project Type: Health

Project Description: Senior Support Personnel would provide transportation, mentoring, and guidance to those senior citizens who live at home but are unable to find relatives or friends to provide help in talking to medical personnel, agencies, or transportation services. Senior Support Personnel would also provide guidance, where appropriate, to seniors when they arrive at their appointments.

					Annual Cost
Non-Supervisory Jobs:					
Full-Time	75	\$4.25	30	50	\$478,125
	No. of Jobs	Wage/Hr.	Hrs./Wk.	Wks./Yr	
Part-Time					
	No. of Jobs	Wage/Hr.	Hrs./Wk.	Wks./Yr	
Supervisory Jobs:					
	2	\$9.00	40	52	\$37,440
	No. of Jobs	Wage/Hr.	Hrs./Wk.	Wks./Yr	
Other Costs:					
Fringes.....					\$77,335
Uniforms*.....					\$11,550
Tools.....					
Other Equipment.....					
Other.....					
Sub-Total					\$88,885
TOTAL					\$604,450
Cost per Non-Supervisory Job:					\$8,059
Cost per Job:					\$7,850

\*\$150 each

Attachment C-12

Community Service Jobs (CSJs) Description and Cost

Project Type: Health

Project Description: Aides to Disabled People would provide mentoring and support to those people who are physically or mentally disabled, i.e., muscular dystrophy, cerebral palsy, learning disabled, mentally retarded, emotionally disturbed. Assistance would include filling out forms, making appointments (medical or non-medical), relaying information to doctors, etc.

					Annual Cost
Non-Supervisory Jobs:					
Full-Time	75	\$4.25	30	50	\$478,125
	No. of Jobs	Wage/Hr.	Hrs./Wk.	Wks./Yr	
Part-Time					
	No. of Jobs	Wage/Hr.	Hrs./Wk.	Wks./Yr	
Supervisory Jobs:					
	2	\$9.00	40	52	\$37,440
	No. of Jobs	Wage/Hr.	Hrs./Wk.	Wks./Yr	
Other Costs:					
Fringes.....					\$77,335
Uniforms*.....					\$11,550
Tools.....					
Other Equipment.....					
Other.....					
Sub-Total					\$88,885
TOTAL					\$604,450
Cost per Non-Supervisory Job:					\$8,059
Cost per Job:					\$7,850

\*\$150 each

Attachment C-13

Community Service Jobs (CSJs) Description and Cost

Project Type: Health

Project Description: Homebound Support personnel would provide support to those people who are homebound, checking to see if they are well, need anything, need to make appointments, need to get to their appointments, need to have letters written or phone calls made, etc.

					Annual Cost
Non-Supervisory Jobs:					
Full-Time	50	\$4.25	30	50	\$318,750
	No. of Jobs	Wage/Hr.	Hrs./Wk.	Wks./Yr	
Part-Time					
	No. of Jobs	Wage/Hr.	Hrs./Wk.	Wks./Yr	
Supervisory Jobs:					
	2	\$9.00	40	52	\$37,440
	No. of Jobs	Wage/Hr.	Hrs./Wk.	Wks./Yr	
Other Costs:					
Fringes.....					\$53,429
Uniforms*.....					\$7,800
Tools.....					
Other Equipment.....					
Other.....					
	Sub-Total				\$61,229
TOTAL					\$417,419
Cost per Non-Supervisory Job:					\$8,348
Cost per Job:					\$8,027

\*\$150 each

Attachment C-14.1

Community Service Jobs (CSJs) Description and Cost

Project Type: Education

Project Description: Education Aides would assist certified teachers with classroom activities. Responsibilities would include: preparation and copying of materials; distribution of materials; working with students under the supervision of a teacher; communication with parents, other teachers, and administrators; keeping attendance; helping younger children with their boots, coats, and hats; classroom oversight during short-term absence of the teacher.

					Annual Cost
Non-Supervisory Jobs:					
Full-Time	2500	\$4.25	30	42	\$13,387,500
	No. of Jobs	Wage/Hr.	Hrs./Wk.	Wks./Yr	
Part-Time	1000	\$4.25	15	42	
	No. of Jobs	Wage/Hr.	Hrs./Wk.	Wks./Yr	
Supervisory Jobs:					
	25	\$9.00	40	52	\$468,000
	No. of Jobs	Wage/Hr.	Hrs./Wk.	Wks./Yr	
Other Costs:					
Fringes.....					\$2,078,325
Uniforms*.....					\$378,750
Tools.....					
Other Equipment.....					
Other.....					
Sub-Total					\$2,457,075
				TOTAL	\$16,312,575
Cost per Non-Supervisory Job:					\$7,525
Cost per Job:					\$4,628

\*\$150 each

Attachment C-14.2

Community Service Jobs (CSJs) Description and Cost

Project Type: Education

Project Description: Education Aides would assist certified teachers with classroom activities. Responsibilities would include: preparation and copying of materials; distribution of materials; working with students under the supervision of a teacher; communication with parents, other teachers, and administrators; keeping attendance; helping younger children with their boots, coats, and hats; classroom oversight during short-term absence of the teacher.

					Annual Cost
Non-Supervisory Jobs:					
Full-Time	6000	\$4.25	30	42	\$32,130,000
	No. of Jobs	Wage/Hr.	Hrs./Wk.	Wks./Yr	
Part-Time	2000	\$4.25	15	42	
	No. of Jobs	Wage/Hr.	Hrs./Wk.	Wks./Yr	
Supervisory Jobs:					
	80	\$9.00	40	52	\$1,497,600
	No. of Jobs	Wage/Hr.	Hrs./Wk.	Wks./Yr	
Other Costs:					
	Fringes.....				\$5,044,140
	Uniforms*.....				\$912,000
	Tools.....				
	Other Equipment.....				
	Other.....				
	Sub-Total				\$5,956,140
				TOTAL	\$39,583,740
Cost per Non-Supervisory Job:					\$8,597
Cost per Job:					\$4,899

\*\$150 each

Attachment C-15

Community Service Jobs (CSJs) Description and Cost

Project Type: Recreation

Project Description: Recreation Aides would assist MPS and other recreation program staff with recreational and other youth-oriented programs. Responsibilities would include: preparation and copying of materials; distribution of materials; working with young children and teenagers under the supervision of a fully-trained recreation staff; communication with parents; keeping attendance; and program oversight during short-term absence of recreation staff.

					Annual Cost
<b>Non-Supervisory Jobs:</b>					
Full Time	250	\$4.25	30	50	\$1,593,750
FT Summer	2000	\$4.25	30	8	\$2,040,000
	No. of Jobs	Wage/Hr.	Hrs./Wk.	Wks./Yr	
Part Time	500	\$4.25	15	50	\$1,593,750
PTSummer	1000	\$4.25	15	8	\$510,000
	No. of Jobs	Wage/Hr.	Hrs./Wk.	Wks./Yr	
<b>Supervisory Jobs:</b>					
	25	\$9.00	40	50	\$450,000
	No. of Jobs	Wage/Hr.	Hrs./Wk.	Wks./Yr	
<b>Other Costs:</b>					
Fringes.....					\$928,125
Uniforms*.....					\$566,250
Tools.....					
Other Equipment.....					
Other.....					
	Sub-Total				\$1,494,375
				TOTAL	\$5,542,500

Cost per Non-Supervisory Job: \$1,478  
 Cost per Job: \$1,468

\*\$150 each

Attachment C-16.1

Community Service Jobs (CSJs) Description and Cost

Project Type: Child Care

Project Description: Child Care Aides would assist Lead Child Care Workers in daycare activities and supervision of children. Responsibilities would include: preparation of food and drinks; participation in storytelling, reading, and other activities; care of young children under the supervision of Lead Child Care Workers; communication with parents; and recordkeeping.

					Annual Cost
Non-Supervisory Jobs:					
Full Time	1000	\$4.25	30	50	\$6,375,000
FT Summer	250	\$4.25	30	8	\$255,000
	No. of Jobs	Wage/Hr.	Hrs./Wk.	Wks./Yr	
Part Time	500	\$4.25	15	50	\$1,593,750
PTSummer	250	\$4.25	15	8	\$127,500
	No. of Jobs	Wage/Hr.	Hrs./Wk.	Wks./Yr	
Supervisory Jobs:					
	20	\$9.00	40	50	\$360,000
	No. of Jobs	Wage/Hr.	Hrs./Wk.	Wks./Yr	
Other Costs:					
Fringes.....					\$1,306,688
Uniforms*.....					\$303,000
Tools.....					
Other Equipment.....					
Other.....					
	Sub-Total				\$1,609,688
TOTAL					\$5,300,625
Cost per Non-Supervisory Job:					\$2,650
Cost per Job:					\$2,624

\*\$150 each

Attachment C-16.2

Community Service Jobs (CSJs) Description and Cost

Project Type: Child Care

Project Description: Child Care Aides would assist Lead Child Care Workers in daycare activities and supervision of children. Responsibilities would include: preparation of food and drinks; participation in storytelling, reading, and other activities; care of young children under the supervision of Lead Child Care Workers; communication with parents; and recordkeeping.

					Annual Cost
Non-Supervisory Jobs:					
Full Time	1500	\$4.25	30	50	\$9,562,500
FT Summer	500	\$4.25	30	8	\$510,000
	No. of Jobs	Wage/Hr.	Hrs./Wk.	Wks./Yr	
Part Time	700	\$4.25	15	50	\$2,231,250
PT Summer	300	\$4.25	15	8	\$153,000
	No. of Jobs	Wage/Hr.	Hrs./Wk.	Wks./Yr	
Supervisory Jobs:					
	20	\$9.00	40	50	\$360,000
	No. of Jobs	Wage/Hr.	Hrs./Wk.	Wks./Yr	
Other Costs:					
Fringes.....					\$1,922,513
Uniforms*.....					\$453,000
Tools.....					
Other Equipment.....					
Other.....					
	Sub-Total				\$2,375,513
				TOTAL	\$7,495,275
Cost per Non-Supervisory Job:					\$2,498
Cost per Job:					\$2,482

\*\$150 each

Attachment C-17

Community Service Jobs (CSJs) Description and Cost

Project Type: Arts/Culture

Project Description: Muralist assistants would help design and paint murals on buildings (with the consent of the buildings' owners) throughout Milwaukee County under the supervision of professional artists.

					Annual Cost
Non-Supervisory Jobs:					
Full-Time	50	\$4.25	30	50	\$318,750
	No. of Jobs	Wage/Hr.	Hrs./Wk.	Wks./Yr	
Part-Time	25	\$4.25	15	50	\$79,688
	No. of Jobs	Wage/Hr.	Hrs./Wk.	Wks./Yr	
Supervisory Jobs:					
	5	\$9.00	40	52	\$93,600
	No. of Jobs	Wage/Hr.	Hrs./Wk.	Wks./Yr	
Other Costs:					
Fringes.....					\$73,806
Uniforms*.....					\$12,000
Tools**.....					\$16,000
Other Equipment.....					
Other.....					
Sub-Total					\$101,806
TOTAL					\$593,843
Cost per Non-Supervisory Job:					\$7,918
Cost per Job:					\$7,423

\*\$150 each

\*\*\$200 each

Attachment C-18

Community Service Jobs (CSJs) Description and Cost

Project Type: Arts/Culture

Project Description: Special Events Assistants would provide support services for major Milwaukee summer festivals, e.g., Summerfest, African World Festival, Fiesta Mexicana, Festa Italiana, Germanfest, Irishfest, Polishfest, Rainbow Summer, Washington Park concerts, etc.

					Annual Cost
Non-Supervisory Jobs:					
Full-Time	50	\$4.25	30	15	\$95,625
	No. of Jobs	Wage/Hr.	Hrs./Wk.	Wks./Yr	
Part-Time	25	\$4.25	15	15	\$23,906
	No. of Jobs	Wage/Hr.	Hrs./Wk.	Wks./Yr	
Supervisory Jobs:					
	5	\$9.00	40	20	\$36,000
	No. of Jobs	Wage/Hr.	Hrs./Wk.	Wks./Yr	
Other Costs:					
Fringes.....					\$23,330
Uniforms*.....					\$12,000
Tools.....					
Other Equipment.....					
Other.....					
Sub-Total					\$35,330
TOTAL					\$190,861
Cost per Non-Supervisory Job:					\$2,545
Cost per Job:					\$2,386

\*\$150 each

Attachment C-19

Community Service Jobs (CSJs) Description and Cost

Project Type: Arts/Culture

Project Description: Set design assistants would help professional set designers in the creation of props and scenery for major theatrical productions in Milwaukee's various theaters.

					Annual Cost
Non-Supervisory Jobs:					
Full-Time	15	\$4.25	30	50	\$95,625
	No. of Jobs	Wage/Hr.	Hrs./Wk.	Wks./Yr	
Part-Time	5	\$4.25	15	50	\$15,938
	No. of Jobs	Wage/Hr.	Hrs./Wk.	Wks./Yr	
Supervisory Jobs:					
	2	\$9.00	40	50	\$36,000
	No. of Jobs	Wage/Hr.	Hrs./Wk.	Wks./Yr	
Other Costs:					
Fringes.....					\$22,134
Uniforms*.....					\$3,300
Tools.....					
Other Equipment.....					
Other.....					
Sub-Total					\$25,434
			TOTAL		\$172,997
Cost per Non-Supervisory Job:					\$8,650
Cost per Job:					\$7,863

\*\$150 each

Attachment C-20.1

Community Service Jobs (CSJs) Description and Cost

Project Type: Day Crew (Part-Time/Flexible)

Project Description: Day crew workers would be assigned to a variety of jobs, ranging from environmental clean-up to clerical. Training required would be minimal. Supervision would be more extensive than normal because of screening, placement, and additional oversight duties.

					Annual Cost
Non-Supervisory Jobs:					
Full-Time	350	\$4.25	30	50	\$2,231,250
	No. of Jobs	Wage/Hr.	Hrs./Wk.	Wks./Yr	
Part-Time	600	\$4.25	15	50	\$1,912,500
	No. of Jobs	Wage/Hr.	Hrs./Wk.	Wks./Yr	
Supervisory Jobs:					
	80	\$9.00	40	50	\$1,440,000
	No. of Jobs	Wage/Hr.	Hrs./Wk.	Wks./Yr	
Other Costs:					
Fringes.....					\$837,563
Uniforms*.....					\$154,500
Tools.....					
Other Equipment.....					
Other.....					
	Sub-Total				\$992,063
				TOTAL	\$6,575,813
Cost per Non-Supervisory Job:					\$6,922
Cost per Job:					\$6,384

\*\$150 each

Attachment C-20.2

Community Service Jobs (CSJs) Description and Cost

Project Type: Day Crew (Part-Time/Flexible)

Project Description: Day crew workers would be assigned to a variety of jobs, ranging from environmental clean-up to clerical. Training required would be minimal. Supervision would be more extensive than normal because of screening, placement, and additional oversight duties.

					Annual Cost
Non-Supervisory Jobs:					
Full-Time	2000	\$4.25	30	50	\$12,750,000
	No. of Jobs	Wage/Hr.	Hrs./Wk.	Wks./Yr	
Part-Time	3000	\$4.25	15	50	\$9,562,500
	No. of Jobs	Wage/Hr.	Hrs./Wk.	Wks./Yr	
Supervisory Jobs:					
	400	\$9.00	40	50	\$7,200,000
	No. of Jobs	Wage/Hr.	Hrs./Wk.	Wks./Yr	
Other Costs:					
Fringes.....					\$4,426,875
Uniforms*.....					\$810,000
Tools.....					
Other Equipment.....					
Other.....					
	Sub-Total				\$5,236,875
				TOTAL	\$34,749,375
Cost per Non-Supervisory Job:					\$6,950
Cost per Job:					\$6,435

\*\$150 each

Attachment C-21

Community Service Jobs (CSJs) Description and Cost

Project Type: Training Businesses

Project Description: Workers would be hired as employees of non-profit training businesses, which would be engaged in business activities such as lead abatement or metal fabrication. Workers would not only acquire the skills needed to be successful employees but would learn about business formation, with a view towards expanding existing for-profit businesses or creating new ones.

					Annual Cost
Non-Supervisory Jobs:					
Full-Time	150	\$4.25	30	50	\$956,250
	No. of Jobs	Wage/Hr.	Hrs./Wk.	Wks./Yr	
Part-Time	75	\$4.25	15	50	\$239,063
	No. of Jobs	Wage/Hr.	Hrs./Wk.	Wks./Yr	
Supervisory Jobs:					
	25	\$9.00	40	50	\$450,000
	No. of Jobs	Wage/Hr.	Hrs./Wk.	Wks./Yr	
Other Costs:					
Fringes.....					\$246,797
Uniforms*.....					\$37,500
Tools**.....					\$50,000
Other Equipment.....					
Other.....					
	Sub-Total				\$334,297
TOTAL					\$1,979,609

Cost per Non-Supervisory Job: \$8,798  
 Cost per Job: \$7,918

\*\$150 each  
 \*\*\$200 each

## Attachment C-22

**COST ESTIMATES**  
**Assuming 20,000 Jobs Needed**

Persons Unable to Work: 15,000 x \$12,000 = \$180,000,000

## Community Service Jobs

<u>Attachment</u>	<u>Project Type</u>	<u>Project Description</u>	<u>Total No. of Jobs</u>	
C-3	MSCS	Service Corps	588	\$8,483,201
C-4.1	Recycling	Environ. Compl. Aides	2,550	\$22,826,700
C-5.1	Public Works	Public Bldg. Aides	27	\$235,787
C-6.1	Public Works	Infrastructure Aides	95	\$485,994
C-7.1	Public Works	Forestry Aides	222	\$2,017,566
C-8.1	Housing	Housing repair	2,500	\$31,344,150
C-9.1	Public Safety	Security Aides	2,550	\$21,776,700
C-10	Health	Community Health Aides	630	\$5,517,090
C-11	Health	Senior Support Personnel	77	\$604,450
C-12	Health	Disabled Persons Aides	77	\$604,450
C-13	Health	Homebound Support Personnel	52	\$417,419
C-14.1	Education	Education Aides	3,525	\$16,312,575
C-15	Recreation	Recreation Aides	3,775	\$5,542,500
C-16.1	Child Care	Child Care Aides	2,020	\$5,300,625
C-17	Arts/Culture	Muralist Assistants	80	\$593,843
C-18	Arts/Culture	Special Events Assistants	80	\$190,861
C-19	Arts/Culture	Set Design Assistants	22	\$172,997
C-20.1	Day Crew	Part-time, flexible work	1,030	\$6,575,813
C-21	Training	Training Business employees	250	\$1,979,609
		CSJ Subtotal		\$130,982,330
		Overall Administration		\$15,549,117
		Child Care*		\$80,600,000
		Health Care**		\$90,675,000
		<b>TOTAL</b>		<b>\$317,806,447</b>

\*Number of jobs times 1 child/job times \$4,000/child

\*\*Number of jobs times 2.5 health plans/job times \$1,800/health plan.

NOTE: The amounts above do not reflect additional federal EIC & state EIC "expenditures," i.e., tax credits.

Attachment C-23

COST ESTIMATES  
Assuming 50,000 Jobs Needed

Persons Unable to Work: 8,000 x \$12,000 = \$96,000,000

Community Service Jobs

<u>Attachment</u>	<u>Project Type</u>	<u>Project Description</u>	<u>Total No. of Jobs</u>	
C-3	MCSC	Service Corps	588	\$8,483,201
C-4.2	Recycling	Environ. Compliance Aides	10,625	\$94,921,250
C-5.2	Public Works	Public Building Aides	29	\$279,543
C-6.2	Public Works	Infrastructure Aides	130	\$582,337
C-7.2	Public Works	Forestry Aides	230	\$2,192,590
C-8.2	Housing	Housing repair	6,250	\$78,360,375
C-9.2	Public Safety	Security Aides	10,625	\$90,546,250
C-10	Health	Community Health Aides	630	\$5,517,090
C-11	Health	Senior Support Personnel	77	\$604,450
C-12	Health	Disabled Persons Aides	77	\$604,450
C-13	Health	Homebound Support Personnel	52	\$417,419
C-14.2	Education	Education Aides	8,080	\$39,583,740
C-15	Recreation	Recreation Aides	3,775	\$5,542,500
C-16.2	Child Care	Child Care Aides	3,020	\$7,495,275
C-17	Arts/Culture	Muralist Assistants	80	\$593,843
C-18	Arts/Culture	Special Events Assistants	80	\$190,861
C-19	Arts/Culture	Set Design Assistants	22	\$172,997
C-20.2	Day Crew	Part-time, flexible work	5,400	\$34,749,375
C-21	Training	Training Business employees	250	<u>\$1,979,609</u>
		CSJ Subtotal		\$372,817,155
		Overall Administration		\$23,440,858
		Child Care		\$200,080,000
		Health Care		\$225,090,000
		<b>TOTAL</b>		<b>\$821,428,013</b>

\*Number of jobs times 1 child/job times \$4,000/child

\*\*Number of jobs times 2.5 health plans/job times \$1,800/health plan.

NOTE: The amounts above do not reflect additional federal EIC & state EIC "expenditures," i.e., tax credits.

ATTACHMENT C-24

CURRENT WELFARE SYSTEM COSTS  
(Federal, State, & Local Spending for Milwaukee County: 1988)

Cash Assistance

AFDC	\$193,989,637
GA Non-Medical	20,887,807

In-Kind Assistance

AFDC Voucher Payments	3,953,784
School Lunch (Free & Reduced)	10,759,957
School Breakfast (Free & Reduced)	1,381,255
Youth & Summer Youth Food	553,567
Food Stamps*	43,755,027
Housing Authority--Federally Aided Development (FA)	20,777,007
Housing Authority--Rent Assistance (RAP)	12,150,985
Low Income Energy Assistance	409,542

Services

Medicaid**	170,093,391
WIC	8,081,961

<b>TOTAL</b>	<b>\$486,793,920</b>
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\*Excludes an estimated one-third for persons 65 and over.

\*\*Excludes an estimated one-half for long-term care.

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Source: John A. Wagner, "Welfare Spending in Milwaukee County: Where Does the Money Go," Wisconsin Policy Research Institute Report, Vol. 5, #2, March 1992, Table 3.1, p. 6.

ATTACHMENT C-25

COMPARISON OF WELFARE AND WORK

1995 Poverty Line	Family Size Adult Plus...	-----Welfare-----			Percent of Poverty
		1995 AFDC Maximum Benefit	1995 Food Stamps Maximum Benefit	Total Maximum Benefit	
9,960	1 Child	5,280	2,436	7,716	77%
12,696	2 Children	6,204	3,504	9,708	76%
15,340	3 Children	7,404	4,440	11,844	77%
17,982	4 Children	8,496	5,280	13,776	77%
Legislative Fiscal Bureau estimate for 1994 plus additional 3% for 1995		*Aid to Families with Dependent Children,* Dept. of Economic Support, Dept. of Health & Social Serv., State of Wisconsin, April 1992, p. 8 (No change in benefits since 1992)	*Food Stamps,* Div. of Economic Support, Dept. of Health & Social Serv., State of Wisconsin, October 1991, p. 9 (No change in benefits since 1992, & no increase assumed)		

1995 Poverty Line	Family Size Adult Plus...	Earnings	1995 Federal EIC	1995 State EIC	Total Earnings—Based Income (Gross)	Versus AFDC & FS	Percent of Poverty
9,960	1 Child	8,500	2,040	95	10,635	2,919	107%
12,696	2 Children	8,500	3,033	514	12,047	2,339	95%
15,340	3 Children	8,500	3,033	1,541	13,074	1,230	85%
17,982	4 Children	8,500	3,033	1,541	13,074	(702)	73%
Legislative Fiscal Bureau estimate for 1994 plus addtl. 3% for 1995		Assumed: \$4.25/hr. x 40 hrs./wk. x 50 wks./yr.	Legislative Fiscal Bureau, *Federal Earned Income Tax Credit Proposed by President Clinton,* 4/6/93 Table 1, p. 2	Legislative Fiscal Bureau, *Federal Earned Income Tax Credit Proposed by President Clinton,* 4/6/93 Table 4, p. 5			

THE WHITE HOUSE  
WASHINGTON

November 3, 1993

Bruce -  
FYI

WR-JOBS

MEMORANDUM FOR DAVID ELLWOOD  
WENDELL PRIMUS

FROM: BONNIE DEANE

SUBJECT: Why don't AFDC moms receive UI?

I asked the Institute of Women's Policy Research to help me examine reasons for non-receipt of UI among welfare moms who work. Roberta Spalter-Roth kindly agreed to re-examine their data set on women who mix welfare and work. I have summarized her findings briefly below and attached her written response.

**Summary findings:** Since the data does not specify UI eligibility, Spalter-Roth compared the characteristics of groups in their sample with and without UI to highlight potential causes of non-UI receipt. It appears that service occupations, state of residence, work patterns (not hours or wages), and the presence of toddlers are all significantly related to non-receipt of UI. Although these clues are extremely helpful, further research or field work is needed to determine the relative importance of these and other factors.

- **Hours worked, wages and total earnings** were remarkably similar when comparing those who did and did not receive UI. Over 24 months, UI recipients on average worked 2,093 hours, earned \$4.83 per hour, and earned a total \$7,945. In contrast, non-UI recipients who worked more than 25 weeks (who comprised 67 percent of the sample) worked 2,201 hours at \$4.49 per hour and earned \$9,119 on average.

- **Occupations differed substantially:** Non-recipients of UI found 42% of their jobs in service occupations. Only 23% of UI recipients worked in service occupations.

- **State coverage of unemployed population differs:** A higher proportion of mom who did not receive UI lived in states which cover only 25% of the unemployed. Conversely, moms who did live in states with more than 25% coverage were more likely to get UI.

- **Number of jobs:** UI recipients had more jobs--2.3 v. 1.6. Recipients were more likely to hold multiple jobs simultaneously and thus work more hours per week.

- **Toddlers:** Non-recipients are more likely to have given birth during the 24 month period. Those who worked substantial hours but did not receive UI may have had family-related reasons for leaving work thus become ineligible.

WR-Jobs

THE WHITE HOUSE  
WASHINGTON

November 3, 1993

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WENDELL PRIMUS

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Summary findings: Since the data does not specify UI eligibility, Spalter-Roth compared the characteristics of groups in their sample with and without UI to highlight potential causes of non-UI receipt. It appears that service occupations, state of residence, work patterns (not hours or wages), and the presence of toddlers are all significantly related to non-receipt of UI. Although these clues are extremely helpful, further research or field work is needed to determine the relative importance of these and other factors.

- Hours worked, wages and total earnings were remarkably similar when comparing those who did and did not receive UI. Over 24 months, UI recipients on average worked 2093 hours, earned \$4.83 per hour, and earned a total \$7,945. In contrast, non-UI recipients (who comprised 89 percent of the sample) worked 1789 hours, at \$4.22 per hour, and took home \$7,296 on average.
- Occupations differed substantially: Non-UI moms found 42% of their jobs in service occupations. Only 23% of UI moms worked in service occupations.
- State coverage of unemployed population differs: A higher proportion of mom who did not receive UI lived in states which cover only 25% of the unemployed. Conversely, moms who did live in states with more than 25% coverage were more likely to get UI.
- Number of jobs: UI recipients held more jobs--2.3 v. 1.6. UI recipients were more likely to hold multiple jobs when working, and thus work more hours per week.
- Toddlers: Non-recipients are more likely to have given birth during the 24 month period. Those who worked substantial hours but did not receive UI may have had family-related reasons for leaving work thus become ineligible.



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October 22, 1993

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NAACP
- Jerome H. Grossman  
New England Medical Center
- Sidney Harman  
Harman International  
Industries, Inc.  
John J. Heldrick  
Johnson & Johnson  
Wayland B. Hicks  
Xerox Corporation  
Benjamin Hooks  
NAACP
- Jerry Jackson  
Entergy Corporation
- Gary Johnson  
Employers' National Job  
Service Council
- Hilton Jolly  
CNA of America, Inc.  
Glenn R. Jones  
Jones Intercable, Inc.  
Coretta Scott King  
The Martin Luther King, Jr.  
Center, Inc.  
Malcolm R. Lovell, Jr.  
National Planning Association  
Pedro F. Mata  
Grace Coscia
- Jewell Jackson McCabe  
National Coalition of 100  
Black Women, Inc.  
Richard L. Mezaelle  
Artine Andersen & Co.
- Kenwood C. Nichols  
Champion International  
Corporation
- John D. Ong  
The BFGoodrich Company
- John H. Pepper  
The Foster & Gamble Co.  
Richard F. Schubert  
Points of Light Foundation
- Gary L. Tooker  
Monodia, Inc.
- Benjamin Tregoe  
Kapoor-Tregoe, Inc.  
Anast-Lee Verselle  
IBM Corporation  
Alan L. Wuerzel  
Circuit City Stores, Inc.  
Raul Yzaguirre  
National Council of La Raza

**Paul Dimond**  
Special Assistant to the President  
for Economic Policy  
National Economic Council  
Executive Office of the President  
The White House  
Washington DC 20500

Dear Paul:

Steve Golightly and I enjoyed the opportunity to talk with you about the Administration's plans concerning workforce training and welfare-to-work issues. The purpose of this letter is to follow-up on a few subjects we discussed during our meeting.

First, I would like to reiterate NAB's position that welfare-to-work programs be considered as part of a much larger workforce investment system. A barrier to improved welfare-to-work programs is the lack of coordination between different federal and state agencies and the programs they administer. The result, more often than not, is an incoherent effort between different parts of the system that do not work together toward complimentary goals. A broad-based workforce development system, that included welfare-to-work programs, would help to eliminate the inefficiencies in the current use of resources for public assistance and welfare-to-work programs. As the Administration continues its important work, we strongly urge you to consider welfare reform in the context of a comprehensive workforce development system.

Second, I'd like to reinforce NAB's belief that any welfare reform proposal should include, both in its development and implementation, the extensive involvement of the business community. One of the strengths of the Job Training Partnership Act is the active participation on the Private Industry Councils by local private sector business representatives. JTPA also includes a network of State Job Training Coordinating Councils that mirror the PICs at the state level and that utilize the talents of business volunteers in shaping and evaluating state human resource policies. This business participation is a key feature of JTPA and should be considered seriously as part of welfare reform efforts.

Third, I'd like to reaffirm NAB's support for the President's efforts to end welfare as we know it. We are encouraged by the President's commitment to developing a time-limited, transition assistance program that includes intensive education, training, and support services. We also think that a carefully constructed and closely monitored public sector employment initiative has the potential to help smooth the transition from welfare to work for many public assistance recipients.

I have been encouraged by the Administration's willingness to explore new ideas and consider new ways of thinking about some of our most intractable social problems. Your idea to develop and sustain consortia of local businesses that would combine and share resources across personnel, operations, and facilities is a novel approach to creating economic and business opportunities for public assistance recipients. We certainly agree that a "menu" of options will need to be available to those who are unable to secure unsubsidized employment after the transition period. A well designed and thought out initiative such as this could have the potential for large scale hiring possibilities.

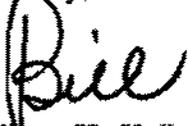
Additionally, the idea to fashion an entrepreneurial, self-employment program that would give public assistance recipients the opportunity to begin and expand their own franchise operations is a new approach that attempts to address many social concerns. Small businesses, as you know, have been the main provider of new job creation in the U.S. Small businesses and, particularly newly established small firms, however, are also susceptible to dramatically changing economic conditions. Current studies show that as many as 80 percent of all new businesses will no longer be alive five years after start-up. The chief reason for failure is not lack of financing, as so many entrepreneurs believe, but rather the lack of management experience.

Consequently, the support provided to facilitate the success of these types of new enterprises would necessarily have to be very high. These ideas are two among many that should be considered as we look for ways to reform the current welfare system. We look forward to discussing these and other ideas as the President and the Working Group continue their efforts.

Finally, I want to personally renew NAB's offer to conduct a series of employer focus groups on welfare reform. These focus groups would make an important contribution to the Working Group's endeavors by ensuring that the welfare reform proposal includes the comprehensive and detailed input from the private sector.

Thank you again for your time. We look forward to hearing from you.

Sincerely,

A handwritten signature in cursive script, appearing to read "Bill", written in dark ink.

William H. Kolberg  
President and CEO

THE WHITE HOUSE  
WASHINGTON

WR →  
JOBS

October 13, 1993

MEMORANDUM FOR DISTRIBUTION

FROM: BONNIE DEAN   
SUBJECT: WELFARE REFORM

Please join me on October 27th, at 10:30 a.m. in room 230 to discuss Welfare Reform. Attached is a background sheet on the discussion. Thank you.

Distribution

Paul Dimond  
Bill Dickens  
Bruce Reed  
Belle Sawhill  
Heather Ross  
Kathy Way

This is what  
Suzanne Strickland.  

---

You don't have to  
attend.

*"We ought to end welfare as we know it. It ought to be a second chance, not a way of life."*

Governor Bill Clinton to the National Urban League

San Diego, Ca., July 27, 1992

Welfare reform needs a new dimension. Recent data on welfare duration supports the long-held public perception that for many welfare dependence has become a permanent way of life - not a temporary aid, as originally intended. The severity of the welfare problem increases each year, both in dollars and in the loss of human lives and potential. Moreover, as government spending increases, the need for permanent solutions intensifies.

Policy makers increasingly recognize that real solutions must embody more than managerial and administrative reforms that simply adjust the current system. Government must begin to view welfare as an investment tool and leverage its welfare dollars productively to move disadvantaged citizens into the mainstream of economic opportunity.

**HRDA - A Model Solution:** In 1978, responding to a stagnant economy, an increase in the welfare rolls and frustration with extant job training initiatives, the City of Halifax, Nova Scotia, looked to see how welfare could do more than just give people a check: instead, it sought to use welfare monies as investment capital to create a permanent solution to long-term welfare dependency.

To begin, Halifax set up a quasi-public corporation, the Human Resources Development Association (HRDA), that *used welfare funds* diverted from the City's administrative budget *to start small businesses: these businesses in turn created permanent jobs for those on public assistance.* Since 1978, HRDA has expanded to its six current businesses (industrial painting, sewing contracting, commercial cleaning, environmental recycling, property management and a bakery) and has sold two businesses to its workers. As of October 1992, HRDA employed 157 people, 100 of whom had been on welfare.

Impressed by the potential of the HRDA model, the Bay State Skills Corporation (BSSC) studied the model and fully assessed the costs and benefits to government. As a result, BSSC determined that:

**The HRDA Model is extremely cost-effective to government.**

- In 1991 alone, government's benefits exceeded costs by \$1,476,786.
- From 1978 to 1992, government's cumulative benefits were \$7,068,900.

**HRDA builds the local economy.**

- HRDA generated revenues of \$4.2 million in 1991 alone.
- HRDA business ventures have directly invested \$1.5 million in new and renovated buildings and capital equipment in Halifax's poorest community.
- In 1991, employees of HRDA paid a total of \$668,000 in taxes to the government.

**HRDA is very effective in removing people from welfare.**

- HRDA has created nearly 100 jobs earmarked for welfare recipients.
- Over 600 former welfare recipients have been hired and trained by HRDA since inception.

**HRDA works with the hardest to employ.**

- The average grade level attained in school by HRDA target group employees is 9.68.
- Many have had some prior involvement with the criminal justice system or prior experience with substance abuse.

On October 27, 1993 at 10:30 a.m., Ms. Suzanne Strickland will present in detail the HRDA model, the BSSC study findings and a blue print for U.S. replication of HRDA. The meeting will be held in the Office of Bonnie Deane, Old Executive Office Building, White House.